

**ST. JOHNS COUNTY, FLORIDA
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2019**



**Prepared by:
CLERK OF COURTS
FINANCE DEPARTMENT**

**Brandon Patty
Clerk of the Circuit Court & Comptroller**

**Lon Stafford
Chief Financial Clerk**

ST. JOHNS COUNTY, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

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June 25, 2020

The Honorable Jeb S. Smith, Chair
Board of County Commissioners
500 San Sebastian View
St. Augustine, FL 32084

Dear Chairman Smith:

In accordance with Section 218.39 of the Florida Statutes, we are pleased to submit to you, the Board of County Commissioners and the citizens of St. Johns County, Florida the Comprehensive Annual Financial Report of St. Johns County, Florida, for the fiscal year ended September 30, 2019.

This report has been prepared by the Comptroller's Office, which is a department of the Clerk of the Circuit Court. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including disclosures, rests with the Clerk of the Circuit Court as Chief Financial Officer of St. Johns County. It is our belief that the data contained in this report is accurate in all material respects and is shown in a manner that fairly presents the financial position of the County at September 30, 2019 and the results of its operations and its cash flows.

The County is responsible for establishing and maintaining internal controls to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, the reliability of financial records for preparing financial statements, and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits. The evaluation of this relationship is a responsibility of County management. We believe these controls adequately safeguard County assets, as well as provide reasonable assurance of properly recording transactions.

The independent accounting firm of Carr, Riggs & Ingram, LLC, whose report is included herein, has audited the County's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by County management, and evaluating the overall financial statement presentation. Based upon the audit, Carr, Riggs & Ingram, LLC concluded that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements are fairly presented in conformity with accounting principles generally accepted in the United States of America for the fiscal year ended September 30, 2019.

Additionally, in accordance with the requirements of Title 2 U. S. Code of Federal Regulations Part 200, "Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Grants" (Uniform Guidance), as well as Section 215.97 of the Florida Statutes, the independent audit of the County's financial statements included mandated "Single Audits" designed to meet the special needs of federal and state grantor agencies. The standards governing these engagements require the auditor to report on the County's internal controls over compliance, and legal compliance requirements as they specifically relate to federal and state awards. These reports are presented in the section entitled Single Audit.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A for St. Johns County can be found in the financial section immediately following the report of independent auditors.

GOVERNMENT PROFILE

St. Johns County was established in 1821. St. Augustine, which is the County seat, was founded over 400 years ago by Spanish explorers and is the nation's oldest city. The County encompasses approximately 608 square miles and is located in the northeast region of the State of Florida directly south of the City of Jacksonville, and is bordered on the west by the St. Johns River, on the south by Flagler County, and on the east by the Atlantic Ocean.

The Board of County Commissioners of St. Johns County ("Board") is organized under Article III of the Constitution of the State of Florida, which empowers the creation of counties as a political subdivision of the State. St. Johns County is a non-chartered County and has the power of self-government as provided by general and special law through County ordinances. Under the Constitution of the State of Florida, the offices of Clerk of the Circuit Court, Property Appraiser, Sheriff, Tax Collector, and Supervisor of Elections are specifically authorized and empowered to provide their functional services independently of the Board, and they maintain separate accounting records and budgets. The County School Board is a separately organized taxing entity not under the jurisdiction of the Board of County Commissioners and has specific legislative authority granted by the Constitution.

The Board of County Commissioners is composed of five members, one from each district within the County. However, each commissioner is elected Countywide. The Board serves as the taxing authority for those entities authorized by the Constitution of the State of Florida including the constitutional officers and special taxing districts that are authorized under legislation and approved by the Board. Dependent County taxing districts also come under the purview of the Board's taxing limitation.

The County is financially accountable for an organization when the County appoints a voting majority of the organization's governing body and is able to impose its will on the organization; there is a potential for the organization to provide a financial benefit or impose a financial burden on the County; or the organization is fiscally dependent on the County.

The Housing Finance Authority of St. Johns County, Florida and the St. Johns County Industrial Development Authority are included as component units in the County's reporting entity either because of the significance of the operational relationship or the County is financially accountable for the component unit.

Furthermore, the County has determined that the St. Johns County School District, Anastasia Mosquito Control District, the St. Augustine Airport Authority, and the St. Johns Water Management District do not meet the criteria for inclusion in this reporting entity.

The County's budget process begins in January with the Capital Improvement Plan. This Plan not only identifies important capital project funding needs, but may also impact the County debt management plan. The results of this process determine which capital programs appear to be under-funded over the five-year period of the plan. While additional debt financing may be evaluated to resolve the funding requirements, available resources through additional taxes, inter-governmental revenues in the form of additional gas taxes and grants, and possible increases in charges for services are also reviewed and evaluated for consideration.

Next, the Office of Management and Budget conducts an operating budget review. The process takes place from March through August and includes public meetings with citizen participation. All County department and agency expenditures, accomplishments and objectives are reviewed. In particular, additional personnel, vehicles, computer equipment and software, and capital outlay appropriation requests are scrutinized. The final adoption of the County budget occurs in September after two advertised public hearings.

There are also legal and policy controls over the County's budget. One of the major legal controls establishes the fund as the budget level that actual spending cannot exceed the appropriated (budgeted) amount. This is the legal level of control for the offices of Clerk of the Circuit Court, Property Appraiser, Sheriff, Tax Collector and Supervisor of Elections. The County, however, has adopted, by local ordinance, a more restrictive budget policy requiring County Commission action to change the total of a department's budget. This establishes the department as the legal level of control. As a matter of policy, the County includes in its accounting records a detailed version of each fund's budget. This policy is referred to as formal budgetary integration. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America, and all budgeted amounts lapse at year-end. This means authorization for the use of funds must be restated in the subsequent year's budget and funds are not "rolled over" if not spent. Please refer to Note 2 for further information regarding the dates associated with the property tax calendar, which is an integral part of the budget process, as well as information pertaining to the legal level of control for budget amendments.

Finally, the Board enacted Ordinance 96-70. This ordinance established the office of the County Administrator, who serves as an appointed official for the Board and provides for the day-to-day administration of County government as specifically authorized by the Board.

2019 ECONOMIC CONDITION AND OUTLOOK

St. Johns County continues to be one of the fastest growing counties in Florida and in the nation. As of July 2018, the county population has grown to 254,261, and is ranked as the eighth fastest-growing county in the United States by percentage of population growth. Looking forward, economic growth projections show anticipated continued momentum for the next several years.

Contributing to St. Johns County's popularity are noteworthy attributes such as the county's low tax structure, top-ranked public school system, low overall cost of living, and unique natural amenities – all that make the county a highly desirable location in Northeast Florida to live, work and play.

Business locations within the county are connected to multi-modal transportation networks through Interstate 95 and U.S. 1 corridors, which provide convenient access to regional assets such as the Jacksonville International Airport and JAXPORT, as well as local assets like the Northeast Florida Regional Airport in St. Augustine.

For the eighth year in a row, a University of Wisconsin study ranked St. Johns County as Florida's Healthiest County. Over the past few years, other noteworthy accolades include St. Johns County and St. Augustine being selected by:

- *Money Magazine* – as the Best City to Live in Florida
- *Coastal Living* – as one of the 20 Best Places to Live on the Coast
- *Business Insider* – as the Best School District in Florida
- *Architectural Digest* – as one of the 25 Best Small Towns in America
- *SmartAsset* – as No. 1 in the State for Purchasing Power
- *Southern Living* – as the No. 1 Foodie Town
- *CNBC* – as the No. 1 Most Affordable Vacation in the U.S.

The St. Johns County Commission's philosophy is to be a pro-business community, encouraging a balance in economic growth, environmental stewardship, and quality of life. Historically, the County's primary economic sectors have been agriculture, tourism, and retail, which correlate to the state's economic drivers. As growth continues, the County has made a concerted effort to diversify its economic base and promote high-wage job creation for local residents through the growth of existing businesses and attraction of new businesses to the County. Leading industry sectors for employment provided within the County include education and health services (22%), followed by hospitality and leisure (20%), and trade, transportation and utilities (20%).

Economic development initiatives within St. Johns County allow for a proactive, sustained effort to attract and retain businesses. The County maintains a competitive business incentive program to attract new business development and enhance existing business expansion within the County.

The County Commission designated the Economic Development Department as the primary economic development office for St. Johns County with Enterprise Florida, the state's economic development agency. The County also maintains membership in JAXUSA Partnership to leverage resources promoting Northeast Florida on a national scale to enhance economic development.

Additionally, the County contracts with the St. Johns County Chamber of Commerce to provide support for businesses interested in locating and expanding into the County. The County also contracts with the University of North Florida Small Business Development Center (SBDC) to provide technical assistance to entrepreneurs and small businesses.

Job growth increased in 2019, resulting in a continuing decline in the local unemployment rate. St. Johns County has consistently ranked among the state's lowest unemployment rates in recent years. In December 2019, Florida's unemployment rate was 3.0%, which was the lowest rate recorded for the state since the reporting program began in 1976. That same month, St. Johns County's unemployment rate was 2.2%.

St. Johns County continued to have a high rate of single-family residential permits being issued, as well as increasing commercial activity. In the region, 10,345 residential permits were issued, with St. Johns County issuing more than 4,000 of those permits. 2019 was the first year since 2010 that St. Johns County did not have the most permits issued in the region. St. Johns County was slightly behind Duval County in 2019.

Additionally, 1,083 commercial permits were issued, which is about the same number as FY 2018. Commercial valuation for permitted projects increased 22%, to \$382,005,789, which is a positive indicator for future commercial tax base growth. The total building market valuation for permits issued in FY 2019 was \$1,756,583,857.

During 2019, The PGA TOUR, the leading global platform in professional golf, worked on constructing its expansive new global home within St. Johns County. The PGA TOUR is investing \$86 million to consolidate its corporate headquarters into a single location in Ponte Vedra Beach. The project is scheduled to be complete in 2020 and will create 300 new jobs throughout a 10-year period. Once complete, the new location will become the largest corporate headquarters in St. Johns County.

In 2019, Rulon International, a manufacturer of acoustic ceiling and wall wood panels, completed the expansion of its corporate headquarters in St. Johns County. The expansion included the construction of a 27,000-square-foot warehouse addition to its existing 85,000-square-foot office and manufacturing building in World Commerce Center. The company's business has been successful and grown significantly since relocating to St. Johns County in 2006. With this expansion, 20 new jobs were created.

The northern part of the County will see three new speculative spaces in 2020, which were announced in 2019. The speculative spaces, 62,751 square feet, 24,896 square feet and 15,000 square feet, will provide commercial and office space in the fastest-growing area of the County.

Retail growth has remained strong, bringing hundreds of retail jobs to the area. One such example is at Durbin Park, which is anchored by a Walmart Supercenter and The Home Depot. The opening of Walmart created more than 350 new jobs within St. Johns County. Other stores in Durbin Park include Burlington, Ross, Five Below and Petco. Also, Cinemark, a 12-screen movie theatre, and a number of restaurants have opened.

Medical development continues to flourish in the County. Flagler Health+ announced its plans to build a Flagler Health+ Village in Durbin Park with longer-term plans for a hospital, outpatient surgical centers, cancer center and more in the area. Baptist Health started construction on Baptist HealthPlace at Nocatee, a 12-acre health and wellness center, offering primary care, specialty care, a YMCA and rehabilitation services. The center is scheduled to open in 2020.

FINANCIAL PLAN

Goals and Objectives

Prudent budgeting, cash management and funding additional resources through debt structuring has allowed the County to meet emerging infrastructure needs while still improving and providing the resources necessary to meet operational and program goals established by the various departments of the Board of County Commissioners. The Board identified and updated their goals and objectives in 2013. They are:

Promote Economic Development. The Board has made this goal its top priority. The goal continues to be twofold: attract new business and industry to the County and help existing businesses and industries prosper. An Economic Development Director was hired in 2012 to help foster a more aggressive and coordinated effort. In 2018, St. Johns County's unemployment rate was 2.9% as compared to the State of Florida rate of 3.6% and the National rate of 3.9%. St. Johns County was ranked as the number one Florida County (and #9 nationally) for Business Growth and Most Incoming Investment by SmartAsset.com. The Community of Nocatee within St. Johns County has been ranked as the nation's third best-selling master-planned community.

In 2019, the PGA Tour continued its planning and construction of an 187,000 square foot facility for its new global headquarters in St. Johns County (anticipated to create 300 new jobs). The Durbin Park retail development continued to expand in FY 2019 to include a Walmart, in addition to a Home Depot, as part of a larger development including 2.4 million square foot retail, 2.8 million square foot office, and hotel/multi-family amenities within the northwest sector of St. Johns County.

Promote the County's Health, Safety, and Welfare. The transition to a professional firefighter force began in 1997 with over 229 positions added since that time. The County Sheriff's budget requests have also been consistently addressed by the Board. A new 800-Megahertz emergency radio communications system was completed. A new fire station was opened during 2015 in Nocatee. In FY 2019, a combined fire station and Sheriff south sector station was opened, with planning and construction on a northwest fire station continuing through 2019, with an opening anticipated in the first quarter of 2020. In addition, the Board, working with the Sheriff's Office, approved the construction of a public safety training facility that will benefit regional public safety organizations.

On November 7, 2017, the Town of Hastings voters cast a ballot to dissolve the Town of Hastings and revoke its charter which became effective March 1, 2018. St. Johns County, in recognition of the Town of Hastings' rich history and tradition, has partnered with the community to preserve that unique heritage and culture before and after the transition. In addition, residents benefit from lower ad valorem taxes, decreased water and wastewater utility rates, and increased service levels as a result of the dissolution.

Address the County's Long-term Financial Stability. The Board continues to prioritize the following objectives: County debt restructuring, consideration of new revenue sources, maintaining equitable employee compensation, continued effective and efficient delivery of County services, and contracting for lower cost. The Commission hosted numerous cost-recovery workshops throughout 2018 to address diversification of fund mechanism, identifying over \$1 million in recurring revenue opportunities moving forward. In 2019, the Commission approved a refinancing opportunity (on the Series 2009 Sales Tax Bond) to achieve recurring debt service savings.

Address the County's Deferred and Emerging Infrastructure Needs. Several years of budget reductions have resulted in deferred infrastructure needs, particularly for transportation infrastructure and pavement management. In addition, emerging federal and state water quality legislation may require significant capital outlays for improvement. 2019 reflects the 6th consecutive year the Commission has prioritized resources to address deferred maintenance on County assets.

Participate in Regional Initiatives. Partnering with other northeast Florida counties or other governmental entities helps coordinate regional efforts and can result in better efficiencies.

Maintain and Enhance the County's Quality of Life. The Board continues to prioritize the County's quality of life, including but not limited to: County beaches, parks, libraries and bicycle/hiking trails. The annual accolades, for St. Johns County and its communities within continued in 2019:

- A New York Times national study ranked the County first in Florida and in the top 4% nationally for its quality of living.
- The University of Wisconsin and Robert Wood Foundation ranked St. Johns as the healthiest county in Florida for the seventh year in a row.
- St. Johns County School District named the best school district in Florida in the "Best School Districts in every U.S. State" annual list by Business Insider.
- Ponte Vedra listed as one of the 20 Best Places to Live on the Coast in 2018 by Coastal Living.
- St. Johns County listed as **#1 Florida County (and #9 nationally) for Business Growth and Most Incoming Investment** by SmartAsset.com.

Protect and Promote the County's Environment. The County's Environmental Services division was created in 2009 within Growth Management. Water quality remains a continued focus, as well as the ongoing conversion of the County's vehicle fleet to compressed natural gas (CNG) as an environmental improvement initiative that will also generate significant fuel cost savings. Hurricanes Matthew (2016) and Irma (2017) evoked the ongoing legislative, financial, political, and environmental challenges of a coastal community (41.2 miles along the Atlantic Ocean), including dune restoration and beach renourishment initiatives.

Enhance County Beautification and Appearance. The Board's emphasis is the enhancement of County entryways, signage, and scenic corridors. The County has pursued funding opportunities for rails-to-trails that will connect communities within St. Johns County.

Emphasize Community Redevelopment. The Board has emphasized other communities in the County in need of redevelopment or economic revitalization, such as Hastings and Armstrong, in addition to the Community Redevelopment Agency of St. Johns County (the CRA), as formed in 2002 and 2003, which constitutes West Augustine, Vilano Beach, and Flagler Estates. In February 2015, the Board created a Tax Increment Financing (TIF) area as part of the Durbin Creek National LLC commercial intensive development, to finance transportation infrastructure within the tax increment district in accordance with the County's development agreement.

Enhance Communication with Community. Improving communications and citizen services continues as a top objective. Every County department has the objective of improving service and operating more efficiently. County Administration, in particular, is focusing on enhancing communications.

The Plan

The Plan is a set of guidelines for the management of funds or financial resources. It provides for the effective planning of government expenditures and services, revenues, and the long-term financing of capital improvements and infrastructure. It helps ensure that the County is able to meet its short-term and long-term objectives and helps prevent financial problems or emergencies from unnecessarily changing previous policy decisions.

Another primary purpose is to provide guidelines for the issuance and management of debt. Proper debt management promotes the accomplishment of service objectives, contributes to financial health and stability, and assures access to debt markets to meet both scheduled and unscheduled financing needs.

The decision to issue debt is made on a case-by-case basis and only after careful and timely evaluation of all relevant factors. Factors, which are considered, are:

- Legal constraints on debt capacity and various financing alternatives
- Constraints contained in currently issued debt offerings
- The urgency of the capital requirements related to the economic cost of delays
- The willingness and financial ability of taxpayers to pay the capital improvements
- Evaluating the balance between internal and external funding mechanisms
- Current interest rate climate and other market considerations
- The County's financial condition
- The type, availability and stability of revenues pledged for debt repayment
- The type of debt anticipated to be issued
- Whether or not the project to be financed creates ongoing operating expenditures that will be supported by available revenue resources

Additionally, it provides for the services of an outside financial advisor to periodically evaluate the County's debt management strategies, as well as the County's debt capacity regarding various intergovernmental and local revenue resources.

Another Plan purpose is to provide policies and guidelines for the investment of the County's limited financial resources.

In accordance with Section 218.415, Florida Statutes, the County adopted Ordinance No. 2008-1, which describes the various investment products allowed under the ordinance for the County's surplus assets ("Surplus Fund") and the Post-Employment Welfare Benefits Program Trust ("Trust Fund") for assets held on behalf of county retirees for other post-employment benefits than pensions. Additionally, Resolution No. 08-151 was adopted to apply rules pertaining to the Trust Fund. Finally, Resolution No. 2001-58 pertains to the rules that apply to all financial assets of the Board and funds related to the issuance of debt. Funds held by state agencies (e.g., Department of Revenue) are not subject to the provisions of this policy. Additionally, neither policy includes any financial assets under the direct control of any of the Constitutional Officers of St. Johns County. The policies become applicable at such time as direct control of the funds passes to the Board.

Relevant Financial Policies

Continued tight County budget guidelines for FY 2019 kept total budgeted operating expense increases capped at 2.0%, except for expected increases in insurance and deferred maintenance. Employee retirement rates as set by the State Legislature increased for FY 2019. General pay increases of 2.1% were budgeted for the new County pay plan. Fund balance for the General Fund was again utilized to fund deferred maintenance.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to St. Johns County for its Comprehensive Annual Financial Report for the year ended September 30, 2018. This was the twenty seventh consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and it will be submitted to the GFOA to determine its eligibility for another certificate.

Additionally, for the last twenty seven years, the County Office of Management and Budget has also received the Distinguished Budget Presentation Award from GFOA for publishing a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

Acknowledgments. A Comprehensive Annual Financial Report of this nature could not have been prepared without the dedicated efforts from the staff of the Board of County Commissioners and each of the Elected Officials. Special thanks goes to the staff of the Comptroller's Office, the Office of Management and Budget, and the Department of Economic Development. Each member of these departments has our sincere appreciation for their contributions made in the presentation of this report.

Additionally, we would also like to thank the members of the County Commission for their leadership and support in planning the financial operations of the County in a responsible and progressive manner.

Sincerely yours,



Brandon Patty
Clerk of Circuit Court and Comptroller



Lon Stafford
Chief Financial Clerk

MEMBERS OF THE BOARD OF COUNTY COMMISSIONERS

Jeb S. Smith, Chair
Jeremiah Ray Blocker, Vice-Chair
Henry Dean
James K. Johns
Paul M. Waldron

CONSTITUTIONAL OFFICERS

David B. Shoar, Sheriff
Brandon Patty, Clerk of Court
Dennis Hollingsworth, Tax Collector
Eddie Creamer, Property Appraiser
Vicky Oakes, Supervisor of Elections

COUNTY ADMINISTRATION

Hunter S. Conrad, County Administrator
Joy Andrews, Assistant County Administrator
Brad Bradley, Assistant County Administrator

COMPTROLLER'S OFFICE

Lon Stafford, Chief Financial Clerk
Michael Branson, Director of Finance

OFFICE OF MANAGEMENT AND BUDGET

Jesse Dunn, Director
Wade Schroeder, Assistant Director

OFFICE OF ECONOMIC DEVELOPMENT

Jennifer Zuberer, Economic Development Specialist



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**St. Johns County
Florida**

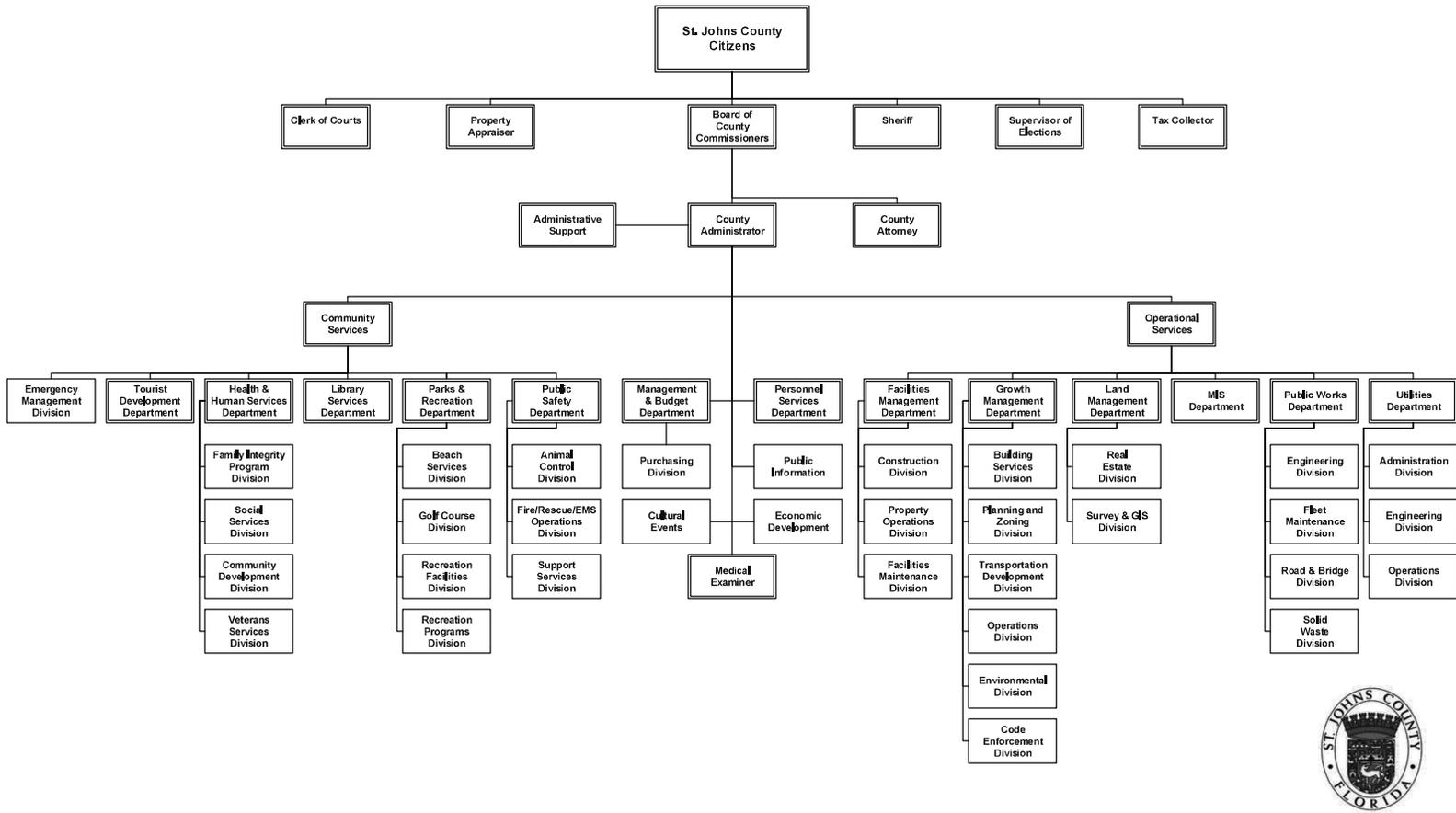
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morrill

Executive Director/CEO

St. Johns County Board of County Commissioners Organization Chart





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INDEPENDENT AUDITORS' REPORT

The Honorable County Commissioners
St. Johns County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of St. Johns County, Florida (the "County"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2020 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Carly Riggs & Ingram, L.L.C.

St. Augustine, Florida

June 25, 2020



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MANAGEMENT'S DISCUSSION and ANALYSIS

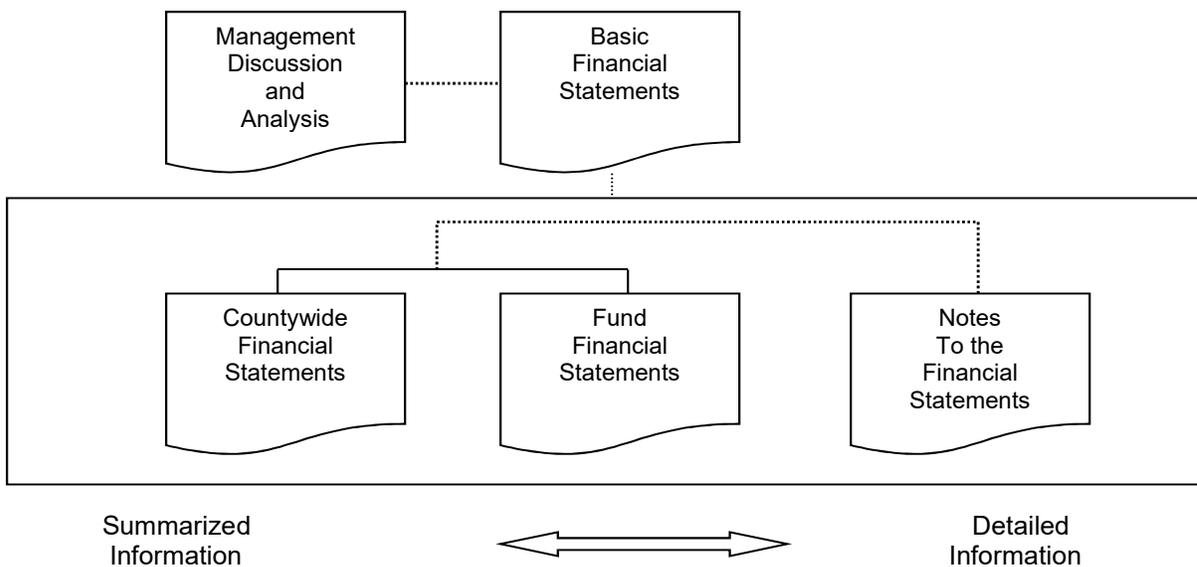
This section of St. Johns County, Florida's Comprehensive Annual Financial Report presents a narrative overview and analysis of the County's financial performance during our most recent fiscal year, which ended September 30, 2019. It is designed to provide an objective and easy to read overview analysis of the County's financial activities; significant financial issues; material deviations from the Financial Plan (budget); changes in the County's financial position and individual fund concerns. We encourage readers to consider the information contained in this discussion in conjunction with additional information contained in our transmittal letter in the front of this report and the County's financial statements.

1. Financial Highlights.

- Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources, which are reported as net position, by \$1,729,465,619 as of September 30, 2019.
- Unrestricted net position of \$54,098,283 represents the amount that may be used to meet the County's ongoing obligations to citizens and creditors.
- Total net position of the County increased by \$111,926,096.
- The net change in total governmental fund balance increased by \$33,683,712. This is primarily attributed to total revenues exceeding total expenditures by \$30.7 million. Additionally, other financing sources added \$2.9 million primarily due to additional debt and capital lease issuance and the sale of surplus capital assets.

2. Overview of the Financial Statements.

This discussion is intended to introduce St. Johns County, Florida's basic financial statements. The basic financial statements are comprised of two kinds of statements that present different views of the County: (1) government-wide statements, and (2) fund statements. The basic financial statements also include notes essential to a full understanding of both kinds of statements. This report also has a separate section for supplementary and statistical information in addition to the basic financial statements themselves as indicated below.



The first two statements are government-wide financial statements that focus on the County as a whole and provide both long-term and short-term information about the County's overall financial condition. These statements provide readers with a broad view of the County's finances, similar to a private sector business.

The remaining statements are fund financial statements that are similar to traditional governmental financial statements. These statements report on individual parts of the County's operations and include more detail than the countywide statements.

- A. Government-wide financial statements. The government-wide statements report on St. Johns County as a whole using accounting rules very similar to those used by private companies. There are two government-wide statements. The statement of net position combines and reports all of the County's assets, deferred outflows, liabilities and deferred inflows. The statement of activities combines and reports all of the County's revenues and expenses regardless of when cash is paid or received. These two financial statements demonstrate how the County's net position has changed. Net position is the difference between total assets and deferred outflows of resources, and total liabilities and deferred inflows. It is one way of assessing the County's current financial condition. Increases or decreases in net position are good indicators of whether the County's financial health is improving or deteriorating over time. Other non-financial factors, such as diversity in the local economy, are important in evaluating the County's overall financial condition.

The countywide financial statements are grouped into three categories:

- *Governmental Activities.* Most of the County's basic services are included here, such as police, fire, public works, recreation, and general administration. Property taxes, sales and gas taxes, and federal and state funding finance most of the cost of these activities.
- *Business-type Activities.* The County's water and sewer utilities, solid waste, and convention center are classified here. In these activities, the County charges customer fees to cover all or a portion of the cost of providing these goods and services.
- *Component Units.* These are other governmental units over which the County exercises influence, and are presented as separate columns in the countywide statements. The component units presented as such are the Housing Finance Authority of St. Johns County, Florida and the St. Johns County Industrial Development Authority.

B. Fund financial statements. The County's fund statements report in greater detail than the countywide statements the County's most significant funds. A fund is a group of related accounts used to exercise control over specific resources set apart for specific activities. The County, like other state and local governments, uses funds to ensure and demonstrate compliance with financial requirements imposed by law, bond covenants, and local administrative and legislative actions.

The County maintains 67 individual governmental funds. The General Fund, Transportation Trust, Fire District and the St. Johns County Community Redevelopment Agency are presented separately in the governmental fund balance sheet and in the statement of revenues, expenditures, and changes in fund balances. All other governmental funds are combined into a single, aggregated presentation. Individual fund data for these non-major governmental funds is provided in the form of combining statements in a separate section of this report.

All of the County's funds are classified in one of the following categories:

- Governmental funds tell how basic governmental services were paid for in the short-term as well as what remains for near future spending. These funds account for essentially the same services as those reported as governmental activities in the countywide statements. Because the fund view does not include the additional long-term focus of the countywide statements, we provide additional information following the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances that explains the differences between the two views.
 - Enterprise funds report on business-type operations of the utility funds, solid waste fund, and convention center where the fees for services typically cover all or most of the costs of operations. These statements offer both long and short-term financial information and offer more detailed reporting of the amounts classified as business-type activities in the countywide statements.
 - Internal service funds are used to account for the financing of activities provided by one department or agency to other departments or agencies of the County on a cost reimbursement basis.
 - Fiduciary funds report information about financial arrangements in which the County acts solely as an agent or trustee for others. The County is responsible for ensuring these resources are used for their intended purposes. Since these funds are not resources of the County, but are held for the benefit of others, we exclude these activities from the countywide statements.
- C. Notes to the financial statements. The notes provide additional information and explanation that is necessary for a full understanding of both the countywide and fund statements.
- D. Required supplementary information. Budgetary comparisons between beginning, ending, and actual results for the general fund and each individual major special revenue fund are located in the Supplementary Information section of the report. Additionally, the Schedules providing information on the pension plan and other post-employment benefits are located here.
- E. Other supplementary information. The combining statements for the non-major governmental funds, internal service and agency funds, as well as individual fund budget and actual comparison schedules are found in the Supplementary Information section of this report; after the required supplementary information section.

Additional statistical information is presented to give users of the report a historical perspective and to assist in determining current financial trends of the County.

ST. JOHNS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION and ANALYSIS
For the year ended September 30, 2019

3. Financial Analysis of the County as a Whole.

At the end of fiscal year 2019, the financial position of the County is showing continued improvement. An improving economy has provided higher taxes and fees for the County in 2019. Additionally, the County's investments generated a greater rate of return during the fiscal year.

Summary Statement of Net Position
September 30, 2019 and 2018
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
ASSETS						
Cash and investments	\$ 262,646	\$ 200,204	\$ 115,678	\$ 108,621	\$ 378,324	\$ 308,825
Other current assets	2,887	22,847	14,728	11,728	17,615	34,575
Other noncurrent assets	2,501	1,722	126	128	2,627	1,850
Capital assets	1,381,518	1,327,105	548,204	511,718	1,929,722	1,838,823
TOTAL ASSETS	1,649,552	1,551,878	678,736	632,195	2,328,288	2,184,073
DEFERRED OUTFLOWS OF RESOURCES						
Bond refunding losses	8,299	8,511	3,624	4,129	11,923	12,640
Pension related	73,735	78,097	3,539	3,653	77,274	81,750
OPEB related	672	-	51	-	723	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	82,706	86,608	7,214	7,782	89,920	94,390
LIABILITIES						
Current liabilities	50,208	44,628	18,914	19,448	69,122	64,076
Non-current liabilities	396,161	378,652	207,555	198,307	603,716	576,959
TOTAL LIABILITIES	446,369	423,280	226,469	217,755	672,838	641,035
DEFERRED INFLOWS OF RESOURCES						
Bond refunding gains	-	-	119	136	119	136
Pension related	14,867	18,642	772	915	15,639	19,557
OPEB related	132	178	15	18	147	196
TOTAL DEFERRED INFLOWS OF RESOURCES	14,999	18,820	906	1,069	15,905	19,889
NET POSITION						
Net investment of capital assets	1,207,651	1,146,809	366,530	325,567	1,574,181	1,472,376
Restricted	88,689	81,492	12,497	14,886	101,186	96,378
Unrestricted	(25,450)	(31,915)	79,548	80,700	54,098	48,785
TOTAL NET POSITION	\$ 1,270,890	\$ 1,196,386	\$ 458,575	\$ 421,153	\$ 1,729,465	\$ 1,617,539

- This year, total net position for Governmental activities increased by 6.2 percent or \$74.5 million dollars. Total assets and deferred outflows increased by \$93.8 million during the year. Total liabilities and deferred inflows decreased by \$19.3 million. The increase in Net Investment in Capital Assets continues to be driven primarily from the amount of donated infrastructure from completed roads within approved subdivisions and projects throughout the County, as well as the continued acquisition of new equipment and vehicles. A \$6.5 million improvement in the deficit reported for unrestricted net position from the previous year's balance to a negative \$25.4 million for the current year indicates that the negative effects of the financial crisis and costs of prior year hurricanes continue to be eliminated. This reduction is a trend that has been occurring over the past several years.
- Ending net position for Business-type activities improved by \$37.4 million. This increase indicates that the County's enterprise funds continue to be able to provide necessary services and to do so in a self-sufficient manner. Two significant factors contributed to the enterprise funds' results for this fiscal year. First, an increase in charges for services revenue occurred this year when compared with the prior year due to a population increase. Also, the Utility fund continues to receive contributions from developers to offset the cost incurred with the expansion of the Utility system.
- Governmental Activities assets and deferred outflows of resources exceeded liabilities and deferred inflows at the end of this fiscal year by \$1.3 billion. The greatest portion of net position reflects the County's investment in capital assets net of the related debt used to acquire them less bond balances remaining within the capital improvement funds. Additionally, \$88.7 million of net position is subject to restrictions regarding how it may be used to meet these ongoing obligations; leaving \$(25.4) million as unrestricted. Unrestricted net position, when not a deficit, can be used to meet the County's ongoing obligations to citizens and creditors. Since 2014 unrestricted net position has significantly declined. The most significant reason was the adoption of GASB 68 which created significant pension liabilities for the County. As mentioned above, the financial crisis and the effects of several hurricanes have impacted the balance as well. The County has reversed this trend over the past couple of years however. The unrestricted net position deficit has been reduced significantly as the County works through these issues. At the end of fiscal year 2016, the deficit was \$52.7 million. For 2019, the deficit is \$25.4 million, an improvement of over \$27 million in three years.

The Statement of Activities, which is graphically portrayed in the chart shown here, illustrates where the program resources come from to cover the expenses associated with the various governmental activities of the County. Program revenues do not include general revenues such as taxes, intergovernmental revenue streams, transfers or investment earnings.



ST. JOHNS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION and ANALYSIS
For the year ended September 30, 2019

	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for services	\$ 89,575	\$ 81,673	\$ 80,862	\$ 75,860	\$ 170,437	\$ 157,533
Operating grants and contributions	18,692	41,963	-	-	18,692	41,963
Capital grants and contributions	83,573	51,134	30,790	23,831	114,363	74,965
General Revenues:						
Taxes	228,220	213,157	-	-	228,220	213,157
Intergovernmental	7,098	6,591	-	-	7,098	6,591
Unrestricted earnings on investments	8,661	2,750	4,606	259	13,267	3,009
Miscellaneous	3,994	3,582	14	163	4,008	3,745
Total Revenues	439,813	400,850	116,272	100,113	556,085	500,963
Expenses:						
General government	51,320	44,223	-	-	51,320	44,223
Public safety	167,383	156,729	-	-	167,383	156,729
Physical environment	754	5,600	-	-	754	5,600
Transportation	69,898	45,015	-	-	69,898	45,015
Economic environment	5,403	4,206	-	-	5,403	4,206
Human services	14,465	14,506	-	-	14,465	14,506
Culture and recreation	39,334	37,620	-	-	39,334	37,620
Court related	8,922	8,296	-	-	8,922	8,296
Interest on long term debt	7,586	8,077	-	-	7,586	8,077
Utilities	-	-	54,063	51,618	54,063	51,618
Solid waste	-	-	24,501	22,374	24,501	22,374
Convention center	-	-	530	588	530	588
Total Expenses	365,065	324,272	79,094	74,580	444,159	398,852
Increase in net position before transfers	74,748	76,578	37,178	25,533	111,926	102,111
Transfers	(244)	1,028	244	(1,028)	-	-
Change in net position	74,504	77,606	37,422	24,505	111,926	102,111
Net position, beginning of year	1,196,386	1,118,780	421,153	396,648	1,617,539	1,515,428
Net position, end of year	\$ 1,270,890	\$ 1,196,386	\$ 458,575	\$ 421,153	\$ 1,729,465	\$ 1,617,539

The County increasingly relies upon increased charges for services, capital grants, and taxes to meet governmental expenses. With a stronger economy and the strong growth in population size, these categories have increased significantly over the past several years. Capital grants and contributions reported a significant increase in 2019 over 2018. The stronger economy has also produced a significant improvement in earnings on the County's investments.

Pension liability continues to have a significant impact on the annual change in net position for both governmental and business-type activities. Nonetheless, total net position increased in both categories during the current year.

As stated above, growth within the County has a positive impact on County revenues, but it also creates additional operational considerations regarding maintenance and replacement of infrastructure in the future.

Finally, program revenues were the main resources in meeting business-type expenditures. There were increases between fiscal years in expenses for the County utilities and solid waste programs, but these increases were more than offset by a corresponding increase in revenues. The programs' fee structures are adequate to cover the expenses of providing these services to County citizens and to allow for future infrastructure needs.



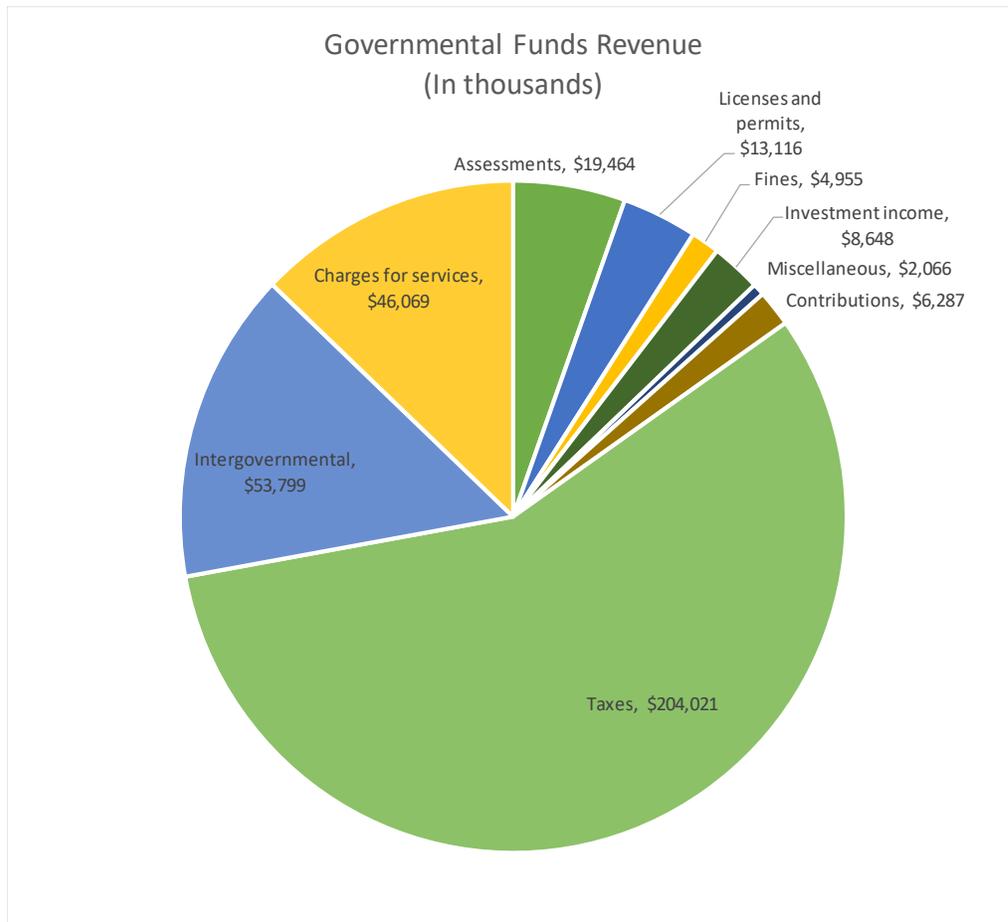
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4. Financial Analysis of the County's Funds.

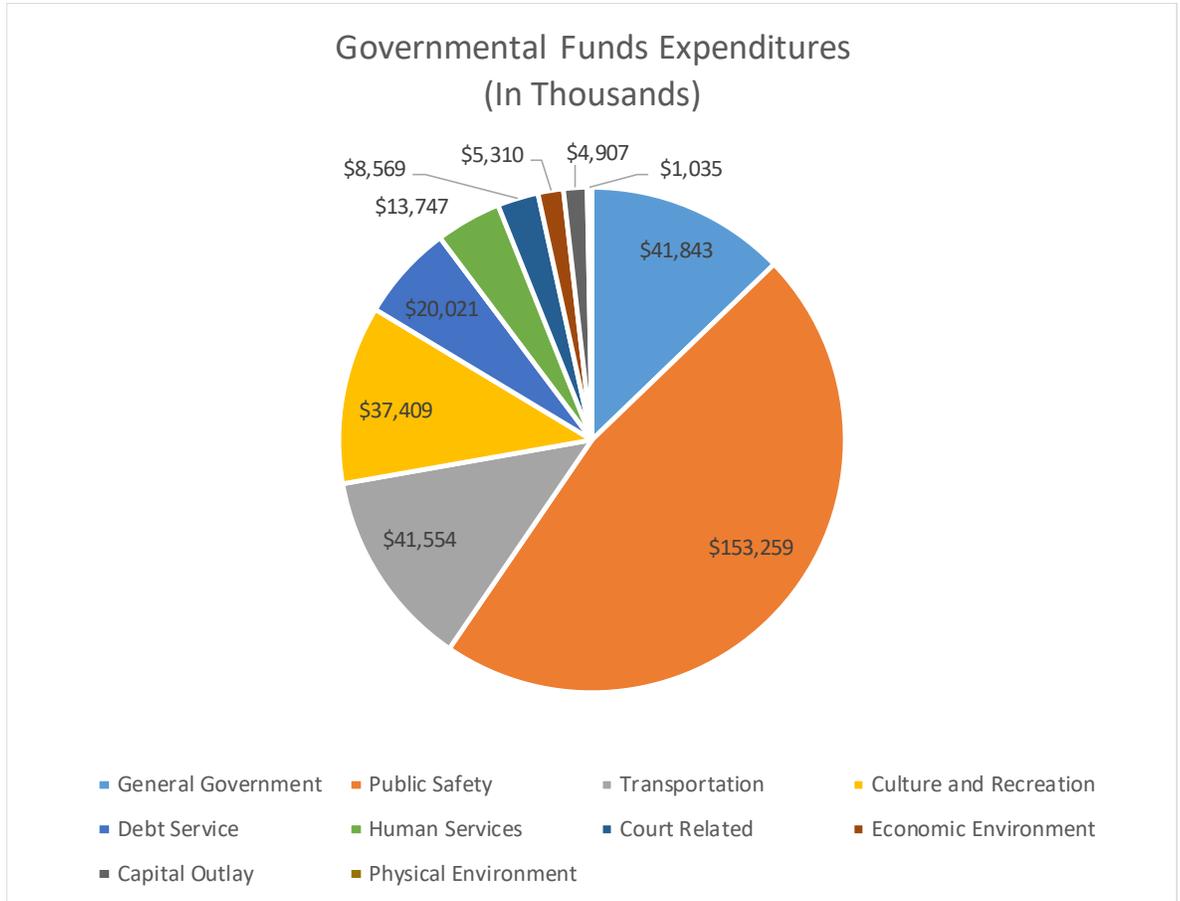
The focus of St. Johns County's governmental funds is to provide information on near-term inflows, outflows, and balances of available spending resources. This information is useful in assessing the County's potential financing requirements. Unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

At September 30, 2019, the County's governmental funds reported combined ending fund balances of \$222.5 million, which is an increase of \$33.7 million. Fiscal year 2019 has reported stronger results when compared with the prior fiscal year balance and can be attributed primarily because the County continues to enjoy a strong economy and an expanding tax base. During fiscal year 2019, the County was able to fund its essential functions from existing revenues.

The County expects to see increases in expenditures over the next couple of years as a result of continued population growth. The County continues to monitor expenditures and expects future increases due to infrastructure needs, fire and police protection and the increasing effects of employee benefit costs.



The County's expenditures cover a range of services; over half are related to public safety, general government, and transportation.



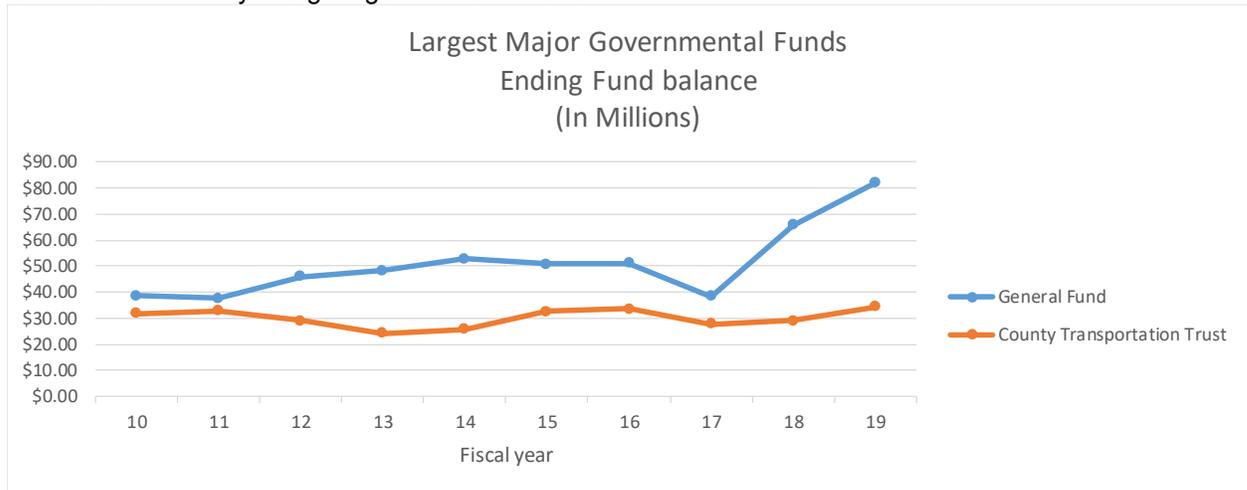
Excluding capital outlays and the County debt service requirements, the County's governmental fund expenditures increased by \$11.2 million from prior year expenditures. The largest increase for the year occurred in the public safety area, police and fire protection. For all functional areas of expenditures, the main driver of much of the increase was salary related, with the pension plan being the expenditure with the largest increase over the prior year.

The net change in fund balances for the General Fund, Transportation Trust, and the Fire District reported a total increase of approximately \$22 million. Funding from federal grants declined in 2019 with the grants for hurricane reimbursement beginning to end. However, an improving tax base, along with much better investment earnings offset this reduction.

ST. JOHNS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION and ANALYSIS
For the year ended September 30, 2019

The St. Johns County Community Redevelopment Agency reported a slight net increase in fund balance of \$41,481 which indicates that the fund is able to provide services to these communities with the revenue provided in the fund.

The following graph provides the reader with information to assess the changes over time in fund balance for two of the County's largest governmental funds:



As seen in the above table, the General Fund's ending fund balance decreased significantly in fiscal year 2017 and then rebounded sharply in fiscal years 2018 and 2019. The County was affected by a couple of hurricanes in 2017 and incurred significant expenditures during that year because of the storms. The County applied for, and received, FEMA reimbursements related to these storms. These reimbursements replenished the fund balance in 2018 and 2019. Also, an improving and very strong economy and development growth in the County have provided additional taxes and fees since 2017.

The Transportation Trust ending fund balance increased slightly in 2019. Restricted revenues have been sufficient to cover the current year's transportation infrastructure needs. The County continues to monitor projected future transportation needs in light of the expected growth of the County and the expected increased requirement of transportation funds to meet these needs.

The Fire District's fund balance increased during the year. Revenues restricted to this fund continue to fund the cost of the operations of Fire and Rescue. The County monitors the cost of these services with this fund and transfers a portion of the fund balance to the General Fund each year to cover indirect costs of the operations.

The fund balance of the St. Johns County Community Redevelopment Agency fund balances more than doubled during this fiscal year. This fund is restricted and can only be used to increase economic activities and development within the redevelopment areas. The County continues to fund activities for these areas each year and it is anticipated that all funding will be spent in future years.

5. General Fund budgetary highlights.

An analysis of the revisions that were made to the General Fund's original budget during the current year and the variances between budgeted amounts and actual final revenues and expenditures for the year continued to be primarily driven by the nature of the uncertainty associated with dealing with the aftermath of the hurricanes. This affected not only the estimates of grants revenues that ultimately would be received, but also the amount of expenditures outlay associated with this situation. The original budget was also affected by the uncertainty of several capital projects associated with public safety. Specifically,

- Other capital outlay expenditures, related to public safety, accounted for more fluctuation between the original and final budgets during fiscal year 2019. The construction of the combined fire station and the Sheriff's South Regional Command Center accounted for some of the variance. Additionally, the Sheriff's training facility construction started during this fiscal year. Because of these projects, it was necessary to amend the budget.
- On the revenue side, the County received several unanticipated grants during fiscal year 2019. The revenue budget was increased to account for these grants.
- During this year, the difference between the County's final adopted budget and total General Fund expenditures was \$41.7 million. The following table highlights the savings by function/programs:

Function	Appropriation Balance in Thousands	Percent
General Government	\$ 4,802	11.5%
Public Safety	9,504	22.8%
Economic Environment	24,488	58.8%
Human Services	1,223	2.9%
Court Related	377	0.9%
All other functions	1,285	3.1%
	\$ 41,679	100%

6. Capital Asset and Debt Administration.

- **Capital Assets.** The County's investment in capital assets for its governmental and business-type activities as of September 30, 2019 was \$1.930 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, infrastructure, and construction in progress as presented in the following table:

Capital Assets			
Net of Depreciation			
as of September 30, 2019			
(in Thousands)			
	Governmental	Business-	
	Activities	Type	
	Activities	Activities	Total
Land	\$ 530,664	\$ 118,590	\$ 649,254
Intangible Assets	-	81	81
Building and Improvements	334,340	34,919	369,259
Equipment	109,742	11,252	120,994
Infrastructure	782,281	528,849	1,311,130
Construction in Progress	26,674	56,819	83,493
Less: Accumulated Depreciation	(402,183)	(202,306)	(604,489)
Total	\$ 1,381,518	\$ 548,204	\$ 1,929,722

Additional information on the County's capital assets can be found in the Notes to the Financial Statements; Note 5, Capital Asset Activity.

- **Long-term Debt.** At the end of fiscal year 2019, the County had total long-term obligations outstanding of approximately \$630 million. The majority of the County's debt represents bonds secured by specific revenue sources.

Outstanding Debt
(in Thousands)
as of September 30, 2019

	<u>Governmental</u> <u>Activities</u>	<u>Business-</u> <u>Type</u> <u>Activities</u>	<u>Total</u>
Revenue Bonds and Notes	\$ 173,582	\$ 160,295	\$ 333,877
Loans, Commercial Paper, and obligations under capital leases	15,377	38,951	54,328
Landfill Closure/Postclosure care	-	4,129	4,129
Compensated absences	12,750	1,093	13,843
Net Pension liability	209,885	9,753	219,638
Net OPEB liability	2,912	293	3,205
Total	\$ 414,506	\$ 214,514	\$ 629,020

- Excluding the County's net state pension and County OPEB liabilities from total outstanding governmental and proprietary long-term obligations, the balance decreased by \$1.7 million from the prior fiscal year.
- Overall, however, with the inclusion of the County's net state pension and OPEB liabilities, the County's outstanding debt increased \$28.5 million or 4.7% from the prior year.
- \$36.3 million was disbursed to retire principal that was due during the fiscal year on County bonds, notes and capital leases.
- \$32.8 million in notes and capital leases was issued during the fiscal year.

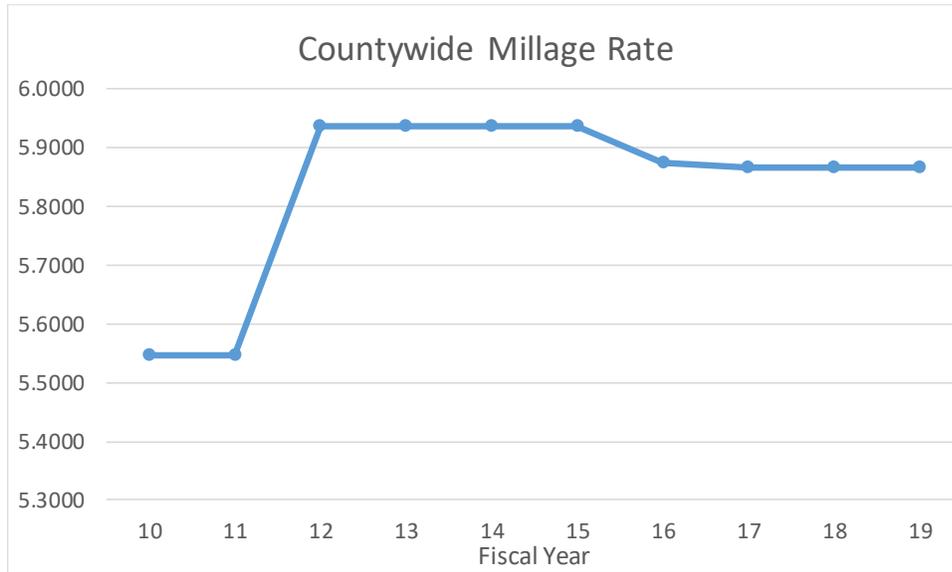
Additional information on the County's long-term debt can be found in the Notes to the Financial Statements; Note 6, Long-Term Obligations.

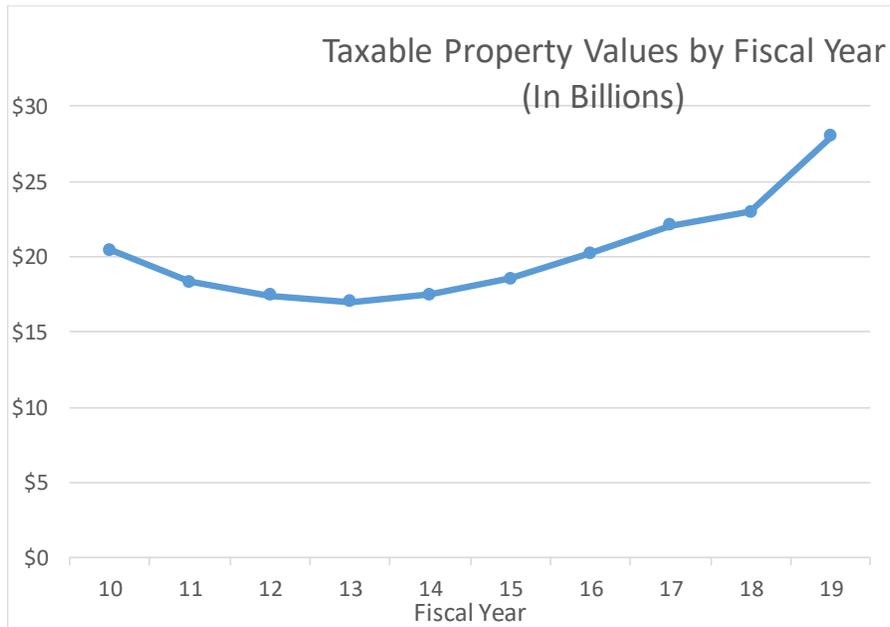
7. Economic Factors and Next Year's Budgets and Rates.

St. Johns County primarily relies on property taxes, inter-governmental resources, impact fees, and service charges for governmental activities. The County maintained the countywide millage rate of 5.8671 mills from the prior fiscal year for the current year. The County will adjust future appropriations in accordance with budgetary direction provided by the Board of County Commissioners and adjust the property tax requirements so that there will possibly not be the need for future ad-valorem tax increases.

ST. JOHNS COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION and ANALYSIS
For the year ended September 30, 2019

Additionally, the County has been able to hold millage rates steady while meeting new customer demands for public safety and provide additional culture and recreation facilities/programs during this fiscal year. County staff's ability to provide necessary funding levels for County functions and programs will certainly need to be constantly addressed in future budgets.





Next, as expressed in the County's budget documents for fiscal year 2019, there were a number of critical accomplishments that were achieved.

- The County Commission was able to maintain the millage rate for 2019 at the same level as 2018.
- The continued implementation of a professional firefighter force; rather than a volunteer force. However, this transition has added increased ad valorem rate pressure due to the increase in personnel, operating and capital expenditures over the last ten years.
- The continued negative balance reported in unrestricted balances to cover governmental activities was attributable largely to long term liabilities, primarily pension and OPEB liabilities. Even though the balance remains negative, there has been significant improvement for both 2018 and 2019 even though pension liability amounts have increased significantly since GASB 68 was implemented in 2015. While it is expected that the economy will suffer a significant hit in 2020 due to the effects of the COVID-19 virus, the expected long-term direction of the economy will allow the County to transition to better economic conditions over the next few years. In addition, the Board of County Commissioners is committed to increase economic development within the County. It is their number one concern and additional resources have been appropriated for that function.
- And finally, growth management issues continue to be a critical concern of county residents. Growth management through revisions of the County's Comprehensive Plan and stricter land development regulations will provide the necessary tools to help direct county staff in managing future development within the County.

8. Requests for Information.

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of St. Johns County's finances and to demonstrate the County's accountability to each of those groups. If you have questions about this report or need additional financial information, please contact the St. Johns County Clerk of the Circuit Court and Comptroller's Office, Attn: Lon Stafford, 4010 Lewis Speedway, St. Augustine, FL, 32084.

BASIC FINANCIAL STATEMENTS



ST. JOHNS COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Housing Finance Authority of St. Johns County, Florida	St Johns County Industrial Development Authority
ASSETS					
Cash and cash equivalents	\$ 179,396,365	\$ 29,368,939	\$ 208,765,304	\$ 1,638	\$ 285,709
Investments	83,249,216	71,922,402	155,171,618	2,194	-
Accounts receivable, net	3,274,452	4,029,826	7,304,278	-	147
Notes receivable, less than 1-year	300,000	42,222	342,222	29,590	-
Interest receivable	718,664	414,852	1,133,516	-	-
Internal balances	(8,755,871)	8,755,871	-	-	-
Due from other governments	6,959,269	9,343	6,968,612	6,005	-
Inventories	390,559	1,476,377	1,866,936	48,000	-
Restricted assets:					
Cash and cash equivalents	-	1,184,006	1,184,006	-	-
Investments	-	13,202,502	13,202,502	-	-
Other assets	2,501,417	126,370	2,627,787	-	-
Notes receivable	-	-	-	185,246	-
Capital assets:					
Land and construction in progress	557,338,004	175,409,321	732,747,325	-	-
Other capital assets, net	824,180,293	372,794,277	1,196,974,570	-	-
TOTAL ASSETS	1,649,552,368	678,736,308	2,328,288,676	272,673	285,856
DEFERRED OUTFLOWS OF RESOURCES					
Bond refunding losses	8,298,841	3,624,191	11,923,032	-	-
Pension related	73,734,704	3,538,924	77,273,628	-	-
OPEB related	671,847	51,126	722,973	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	82,705,392	7,214,241	89,919,633	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	1,732,257,760	685,950,549	2,418,208,309	272,673	285,856
LIABILITIES					
Accounts payable and accrued expenses	21,313,243	8,365,355	29,678,598	12,379	344
Due to other governments	2,939,250	-	2,939,250	-	-
Estimated liability for self insured losses	2,163,211	-	2,163,211	-	-
Interest payable	191,517	1,696,714	1,888,231	-	-
Customer deposits	1,600,174	1,889,426	3,489,600	-	-
Unearned revenues	3,656,130	3,105	3,659,235	-	-
Due within one year:					
Bonds, capital leases, and contracts	13,489,030	6,320,220	19,809,250	-	-
Landfill closure and post-closure costs	-	344,069	344,069	-	-
Compensated absences	4,190,404	263,801	4,454,205	-	-
Pension liability	665,062	31,338	696,400	-	-
Due in more than one year:					
Bonds, capital leases, and contracts	175,469,868	192,925,941	368,395,809	-	-
Accrued landfill closure and post-closure costs	-	3,784,757	3,784,757	-	-
Compensated absences	8,559,299	829,160	9,388,459	-	-
Pension liability	209,219,707	9,721,871	218,941,578	-	-
OPEB liability	2,911,839	293,439	3,205,278	-	-
TOTAL LIABILITIES	446,368,734	226,469,196	672,837,930	12,379	344
DEFERRED INFLOWS OF RESOURCES					
Bond refunding gain	-	118,544	118,544	-	-
Pension related	14,867,001	772,475	15,639,476	-	-
OPEB related	132,160	14,580	146,740	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	14,999,161	905,599	15,904,760	-	-
NET POSITION					
Net investment in capital assets	1,207,650,680	366,530,567	1,574,181,247	-	-
Restricted for:				48,000	-
Property held for sale	-	-	-	-	-
Bond construction	5,793,439	-	5,793,439	-	-
Future development Impacts	35,740,190	-	35,740,190	-	-
Transportation	350,705	-	350,705	-	-
Fire District	8,034,970	-	8,034,970	-	-
Community redevelopment	43,343	-	43,343	-	-
Court operations and improvements	7,657,683	-	7,657,683	-	-
Building services	19,551,215	-	19,551,215	-	-
Debt service	1,228,659	9,980,431	11,209,090	-	-
Renewal and replacement	-	2,516,651	2,516,651	-	-
State Housing Initiatives Program	1,730,069	-	1,730,069	-	-
Tourist development and recreation	5,985,936	-	5,985,936	-	-
Law enforcement	1,361,839	-	1,361,839	-	-
Other purposes	1,210,959	-	1,210,959	-	-
Unrestricted	(25,449,822)	79,548,105	54,098,283	212,294	285,512
TOTAL NET POSITION	\$ 1,270,889,865	\$ 458,575,754	\$ 1,729,465,619	\$ 260,294	\$ 285,512

The accompanying notes are an integral part of the financial statements.

ST. JOHNS COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Functions/Programs	Net (Expenses) Revenue and Changes in Net Position								
	Program Revenues				Primary Government			Component Units	
	Expenses	Charges for services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Housing Finance Authority of St. Johns County, Florida	St Johns County Industrial Development Authority
Primary Government:									
Governmental activities:									
General government	\$ 51,320,148	\$ 23,840,051	\$ 149,643	\$ -	\$ (27,330,454)	\$ -	\$ (27,330,454)	\$ -	\$ -
Public safety	167,383,559	24,848,357	8,036,826	121,521	(134,376,855)	-	(134,376,855)	-	-
Physical environment	753,722	2,394,460	-	702,093	2,342,831	-	2,342,831	-	-
Transportation	69,897,598	13,473,325	1,803,144	82,705,251	28,084,122	-	28,084,122	-	-
Economic environment	5,403,223	99,706	416,821	-	(4,886,696)	-	(4,886,696)	-	-
Human services	14,465,000	115,800	7,413,377	-	(6,935,823)	-	(6,935,823)	-	-
Culture and recreation	39,334,378	20,443,660	208,234	44,886	(18,637,598)	-	(18,637,598)	-	-
Court related	8,922,458	4,360,161	664,049	-	(3,898,248)	-	(3,898,248)	-	-
Interest on long term debt	7,585,493	-	-	-	(7,585,493)	-	(7,585,493)	-	-
Total governmental activities	365,065,579	89,575,520	18,692,094	83,573,751	(173,224,214)	-	(173,224,214)	-	-
Business-type activities:									
Utilities	54,063,083	54,396,073	-	30,789,457	-	31,122,447	31,122,447	-	-
Solid waste	24,500,819	25,225,047	-	-	-	724,228	724,228	-	-
Convention center	529,822	1,240,514	-	-	-	710,692	710,692	-	-
Total business-type activities	79,093,724	80,861,634	-	30,789,457	-	32,557,367	32,557,367	-	-
Total primary government	\$ 444,159,303	\$ 170,437,154	\$ 18,692,094	\$ 114,363,208	(173,224,214)	32,557,367	(140,666,847)	-	-
Component units:									
Housing programs	\$ 15,972	\$ -	\$ -	\$ -	-	-	-	(15,972)	-
Economic development programs	16,453	1,000	-	-	-	-	-	-	(15,453)
Total component units	\$ 32,425	\$ 1,000	\$ -	\$ -	-	-	-	(15,972)	(15,453)
General revenues:									
Taxes:									
Property taxes					181,766,713	-	181,766,713	-	-
Communication services tax					2,390,666	-	2,390,666	-	-
Tourist development tax					12,104,289	-	12,104,289	-	-
Fuel taxes					11,872,313	-	11,872,313	-	-
Local government half-cent sales tax					20,085,955	-	20,085,955	-	-
Shared revenues - intergovernmental unrestricted					7,098,576	-	7,098,576	-	-
Unrestricted earnings on investments					8,660,196	4,606,437	13,266,633	20,617	5,551
Franchise fees					1,829,778	-	1,829,778	-	-
Miscellaneous					2,163,581	14,439	2,178,020	-	-
Transfers					(244,370)	244,370	-	-	-
Total general revenues and transfers					247,727,697	4,865,246	252,592,943	20,617	5,551
Change in net position					74,503,483	37,422,613	111,926,096	4,645	(9,902)
Net position, beginning of the year					1,196,386,382	421,153,141	1,617,539,523	255,649	295,414
Net position, end of the year					\$ 1,270,889,865	\$ 458,575,754	\$ 1,729,465,619	\$ 260,294	\$ 285,512

The accompanying notes are an integral part of the financial statements.

St. Johns County, Florida
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	General Fund	Transportation Trust	Fire District	St. Johns County Community Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
ASSETS						
Equity in pooled cash and cash equivalents	\$ 56,837,472	\$ 12,205,361	\$ 8,525,516	\$ 71,288	\$ 85,071,531	\$ 162,711,168
Investments	23,643,431	25,642,705	6,599,424	-	27,363,656	83,249,216
Accounts receivable (net of allowance for uncollectibles)	1,374,489	319,335	23,285	-	996,563	2,713,672
Notes receivable	-	-	-	-	300,000	300,000
Interest receivable	253,358	139,699	57,947	-	232,566	683,570
Advances to other funds	6,119,573	18,976	-	-	-	6,138,549
Due from other funds	166,163	43,265	250	-	-	209,678
Due from other governments	4,092,120	1,382,228	20,069	-	1,464,852	6,959,269
Inventory	-	331,284	-	-	59,275	390,559
Other assets	2,408,059	20,162	30,538	-	39,872	2,498,631
TOTAL ASSETS	\$ 94,894,665	\$ 40,103,015	\$ 15,257,029	\$ 71,288	\$ 115,528,315	\$ 265,854,312
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued liabilities	\$ 8,297,012	\$ 5,847,923	\$ 1,741,486	\$ 3,927	\$ 3,673,001	\$ 19,563,349
Customer deposits	1,550,632	-	-	-	49,542	1,600,174
Advances from other funds	-	-	-	-	14,973,677	14,973,677
Due to other funds	270,268	57,299	86,700	-	180,723	594,990
Due to other governments	2,721,844	2,534	-	-	214,872	2,939,250
Unearned revenue	24,064	-	-	-	3,632,066	3,656,130
TOTAL LIABILITIES	12,863,820	5,907,756	1,828,186	3,927	22,723,881	43,327,570
FUND BALANCES						
Nonspendable	6,119,573	-	-	-	-	6,119,573
Restricted	1,930,769	-	8,034,970	43,343	78,679,925	88,689,007
Committed	-	-	-	-	15,330,425	15,330,425
Assigned	13,499	34,195,259	5,393,873	24,018	13,673,587	53,300,236
Unassigned	73,967,004	-	-	-	(14,879,503)	59,087,501
TOTAL FUND BALANCES	82,030,845	34,195,259	13,428,843	67,361	92,804,434	222,526,742
TOTAL LIABILITIES AND FUND BALANCES	\$ 94,894,665	\$ 40,103,015	\$ 15,257,029	\$ 71,288	\$ 115,528,315	\$ 265,854,312

The accompanying notes are an integral part of the financial statements.

St Johns County, Florida
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 SEPTEMBER 30, 2019

Total fund balances- governmental funds	\$ 222,526,742
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	1,381,518,297
Deferred outflows for bond refunding losses are not reported in the governmental funds.	8,298,841
Deferred pension outflows are not reported in the governmental funds.	73,734,704
Deferred OPEB outflows are not reported in the governmental funds.	671,847
Bonds and notes payable (\$167,792,084); unamortized bond premiums (\$13,174,220); lease obligations (\$7,992,594); compensated absences for governmental funds (\$12,749,703); net OPEB liabilities (\$2,911,839) and net pension liabilities (\$209,884,769) are not due and payable in the current period and, therefore, are not reported in the funds.	(414,505,209)
Accrued interest payable is not reported in the governmental funds.	(191,517)
Deferred pension inflows are not reported in the governmental funds	(14,867,001)
Deferred OPEB inflows are not reported in the governmental funds	(132,160)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position.	<u>13,835,321</u>
Net position of governmental activities	<u>\$ 1,270,889,865</u>

The accompanying notes are an integral part of the financial statements.

ST. JOHNS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General Fund	Transportation Trust	Fire District	St. Johns County Community Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes	\$ 129,022,549	\$ 24,704,196	\$ 34,554,556	\$ 914,728	\$ 14,825,296	\$ 204,021,325
Special assessments	-	-	-	-	19,463,714	19,463,714
Licenses and permits	857,747	1,293,007	636,287	-	10,329,175	13,116,216
Intergovernmental	27,511,706	4,500,361	605,941	-	21,180,753	53,798,761
Charges for services	22,057,157	3,684,924	61,205	-	20,265,755	46,069,041
Fines and forfeitures	3,515,555	-	-	-	1,439,558	4,955,113
Contributions	86,653	6,040,410	2,500	-	157,462	6,287,025
Investment income	3,428,936	1,448,454	710,521	12,895	3,047,304	8,648,110
Miscellaneous revenue	1,701,538	114,407	47,866	-	202,151	2,065,962
TOTAL REVENUES	188,181,841	41,785,759	36,618,876	927,623	90,911,168	358,425,267
EXPENDITURES:						
Current:						
General government	34,544,277	-	-	-	7,298,813	41,843,090
Public safety	103,730,602	-	35,541,403	-	13,987,343	153,259,348
Physical environment	786,340	-	-	-	248,598	1,034,938
Transportation	-	36,635,907	-	-	4,918,168	41,554,075
Economic environment	4,128,636	-	-	60,875	1,119,988	5,309,499
Human services	6,601,753	-	-	-	7,144,723	13,746,476
Culture and recreation	14,567,336	-	-	-	22,842,084	37,409,420
Court related	7,153,237	-	-	-	1,415,994	8,569,231
Capital outlay	-	-	-	-	4,906,852	4,906,852
Debt service:						
Principal retirement	1,477,225	-	-	-	10,662,982	12,140,207
Interest and fiscal charges	55,326	-	-	-	7,825,840	7,881,166
TOTAL EXPENDITURES	173,044,732	36,635,907	35,541,403	60,875	82,371,385	327,654,302
EXCESS OF REVENUES OVER EXPENDITURES	15,137,109	5,149,852	1,077,473	866,748	8,539,783	30,770,965
OTHER FINANCING SOURCES (USES):						
Transfers in	3,701,357	-	-	-	28,960,298	32,661,655
Transfers out	(8,042,792)	(96,471)	(737,373)	(825,267)	(23,195,381)	(32,897,284)
Long-term debt issued -refunding bonds	-	-	-	-	12,587,148	12,587,148
Payment to refunded bond escrow agent	-	-	-	-	(15,138,513)	(15,138,513)
Capital lease	5,298,905	-	-	-	-	5,298,905
Sale of capital assets	369,766	-	-	-	31,070	400,836
TOTAL OTHER FINANCING SOURCES (USES)	1,327,236	(96,471)	(737,373)	(825,267)	3,244,622	2,912,747
NET CHANGE IN FUND BALANCES	16,464,345	5,053,381	340,100	41,481	11,784,405	33,683,712
FUND BALANCES, BEGINNING OF YEAR	65,566,500	29,141,878	13,088,743	25,880	81,020,029	188,843,030
FUND BALANCES, END OF YEAR	\$ 82,030,845	\$ 34,195,259	\$ 13,428,843	\$ 67,361	\$ 92,804,434	\$ 222,526,742

The accompanying notes are an integral part of the financial statements.

St Johns County, Florida

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Net change in fund balances - total governmental funds \$ 33,683,712

Amounts reported for governmental activities in the statement
of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement
of activities the cost of those assets is allocated over their estimated useful lives
and reported as depreciation expense. Also, certain capital assets are contributed
to the County by developers upon completion, requiring recognition of income not
reported in the funds:

Capital assets acquired by use of financial resources	\$ 33,742,872	
Capital assets contributed by developers	75,322,180	
Reclassification of capital items in construction in progress	(17,296,902)	
Current year depreciation	<u>(37,044,824)</u>	
		54,723,326

Repayment of bond principal is an expenditure in governmental funds, but the repayment
results in a reduction of long-term liabilities in the statement of net position. Issuing debt
provides current financial resources to governmental funds, but issuing debt increases
long-term liabilities in the statement of net position:

Debt issued	(17,886,053)	
Principal payments	12,140,207	
Payment to refunded bond agent	14,770,000	
Amortization of bond premiums and discounts	<u>897,144</u>	
		9,921,298

Some expenses reported in the statement of activities did not require the use of
current financial resources and therefore are not reported as an expenditure in
governmental funds:

Net book value of assets disposed	(309,987)	
Decrease of bond refunding losses	(212,631)	
Increase in compensated absences	(66,721)	
Increase in interest payable	<u>(23,802)</u>	
		(613,141)

The net change in net pension liability and deferred outflows and inflows are reported in
the statement of activities, but not in the governmental funds.

Change in net pension liability	(27,998,783)	
Change in deferred outflows related to pensions	(4,361,873)	
Change in deferred inflows related to pensions	<u>3,775,112</u>	
		(28,585,544)

The net change in net OPEB liability and deferred inflows are reported in the statement
of activities, but not in the governmental funds.

Change in net OPEB liability	(90,308)	
Change in deferred outflows related to OPEB	671,847	
Change in deferred inflows related to OPEB	<u>45,455</u>	
		626,994

Internal service funds are used to charge the cost of certain activities to individual
funds. The net revenue (expense) is reported in the county-wide statements with
governmental activities.

4,746,838

Change in net position of governmental activities \$ 74,503,483

The accompanying notes are an integral part of the financial statements.

ST. JOHNS COUNTY, FLORIDA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	MAJOR FUNDS		NONMAJOR FUND		
	St. Johns County Utilities	Solid Waste	Convention Center	Total	
ASSETS					
Current assets:					
Equity in pooled cash and cash equivalents	\$ 25,491,672	\$ 3,238,251	\$ 639,016	\$ 29,368,939	\$ 16,685,197
Investments	56,612,000	15,310,402	-	71,922,402	-
Accounts receivable, net	2,752,760	1,040,095	236,971	4,029,826	560,780
Unit connection fee notes receivable	42,222	-	-	42,222	-
Interest receivable	330,393	82,739	1,720	414,852	35,094
Other assets	124,438	1,932	-	126,370	2,786
Advances to other funds	4,417,564	4,417,564	-	8,835,128	-
Due from other funds	-	-	-	-	465,524
Due from other governments	-	9,343	-	9,343	-
Inventory	1,476,377	-	-	1,476,377	-
Total current assets	91,247,426	24,100,326	877,707	116,225,459	17,749,381
Non-current assets:					
Restricted assets:					
Cash and cash equivalents	-	-	1,184,006	1,184,006	-
Investments	13,165,771	36,731	-	13,202,502	-
Capital assets:					
Land	116,862,800	1,727,127	-	118,589,927	-
Intangible assets	80,776	-	-	80,776	-
Buildings and improvements	15,375,856	8,517,638	11,025,952	34,919,446	-
Water and sewer systems	528,412,806	-	-	528,412,806	-
Furniture and equipment	9,965,789	1,721,638	-	11,687,427	-
Accumulated intangible asset amortization	(20,194)	-	-	(20,194)	-
Accumulated depreciation	(192,969,854)	(4,691,497)	(4,624,633)	(202,285,984)	-
Construction in progress	56,819,394	-	-	56,819,394	-
Total non-current assets	547,693,144	7,311,637	7,585,325	562,590,106	-
TOTAL ASSETS	638,940,570	31,411,963	8,463,032	678,815,565	17,749,381
DEFERRED OUTFLOWS OF RESOURCES					
Bond refunding losses	3,583,392	-	40,799	3,624,191	-
Pension related	3,216,768	322,156	-	3,538,924	-
OPEB related	47,025	4,101	-	51,126	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	6,847,185	326,257	40,799	7,214,241	-
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	3,566,815	4,307,549	-	7,874,364	1,749,894
Unit connection fee contract payables	490,991	-	-	490,991	-
Estimated liability for self insured losses	-	-	-	-	2,163,211
Customer deposits	1,852,695	36,731	-	1,889,426	-
Due to other funds	54,594	24,663	-	79,257	955
Landfill closure and post-closure costs	-	344,069	-	344,069	-
Unearned revenue	3,105	-	-	3,105	-
Revenue bonds and notes payable	4,273,689	-	1,397,000	5,670,689	-
Interest payable	1,676,875	-	19,839	1,696,714	-
State loan payable	611,932	-	-	611,932	-
Capital lease payable	37,599	-	-	37,599	-
Compensated absences	239,110	24,691	-	263,801	-
Pension liability	27,856	3,482	-	31,338	-
Total current liabilities	12,835,261	4,741,185	1,416,839	18,993,285	3,914,060
Long-term liabilities:					
Accrued landfill closure and post-closure costs	-	3,784,757	-	3,784,757	-
Revenue bonds and notes payable	153,187,732	-	1,437,000	154,624,732	-
State loan payable	38,032,064	-	-	38,032,064	-
Capital lease payable	269,145	-	-	269,145	-
Compensated absences	770,415	58,745	-	829,160	-
Pension liability	8,836,450	885,421	-	9,721,871	-
OPEB liability	270,199	23,240	-	293,439	-
Total long-term liabilities	201,366,005	4,752,163	1,437,000	207,555,168	-
TOTAL LIABILITIES	214,201,266	9,493,348	2,853,839	226,548,453	3,914,060
DEFERRED INFLOWS OF RESOURCES					
Pension related	704,787	67,688	-	772,475	-
Bond refunding gain	118,544	-	-	118,544	-
OPEB related	13,429	1,151	-	14,580	-
TOTAL DEFERRED INFLOWS OF RESOURCES	836,760	68,839	-	905,599	-
NET POSITION					
Net investment in capital assets	355,647,543	7,274,906	3,608,118	366,530,567	-
Restricted for:					
Debt service	8,796,425	-	1,184,006	9,980,431	-
Renewal and replacement reserve	2,516,651	-	-	2,516,651	-
Unrestricted	63,789,110	14,901,127	857,868	79,548,105	13,835,321
TOTAL NET POSITION	\$ 430,749,729	\$ 22,176,033	\$ 5,649,992	\$ 458,575,754	\$ 13,835,321

The accompanying notes are an integral part of the financial statements.

ST. JOHNS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION- PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	MAJOR FUNDS		NONMAJOR FUND		
	St. Johns County Utilities	Solid Waste	Convention Center	Totals	
OPERATING REVENUES:					
Charges for services	\$ 50,858,807	\$ 25,225,017	\$ 603,466	\$ 76,687,290	\$ 32,410,286
Special assessment revenue	21,723	-	637,048	658,771	-
Other operating revenue	3,515,543	30	-	3,515,573	41,161
Total operating revenues	54,396,073	25,225,047	1,240,514	80,861,634	32,451,447
OPERATING EXPENSES:					
Contractual services	8,535,472	22,406,808	-	30,942,280	26,803,247
Salaries and benefits	14,184,321	1,342,908	-	15,527,229	1,301,807
Operating and maintenance expenses	8,190,480	408,504	-	8,598,984	80,583
Amortization of intangible assets	4,039	-	-	4,039	-
Depreciation	16,561,989	342,599	220,741	17,125,329	-
Total operating expenses	47,476,301	24,500,819	220,741	72,197,861	28,185,637
OPERATING INCOME	6,919,772	724,228	1,019,773	8,663,773	4,265,810
NON-OPERATING REVENUES (EXPENSES):					
Investment income	3,621,873	947,975	36,589	4,606,437	314,769
Interest expense	(6,586,782)	-	(309,081)	(6,895,863)	-
Donations	-	-	-	-	175,000
Gain from asset disposition	4,899	9,540	-	14,439	-
Total non-operating revenues (expenses)	(2,960,010)	957,515	(272,492)	(2,274,987)	489,769
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	3,959,762	1,681,743	747,281	6,388,786	4,755,579
Capital contributions - other	23,037,794	-	-	23,037,794	-
Capital contributions - unit connection fees	7,751,663	-	-	7,751,663	-
Transfer in	-	-	244,370	244,370	-
Transfer out	-	-	-	-	(8,741)
INCREASE IN NET POSITION	34,749,219	1,681,743	991,651	37,422,613	4,746,838
NET POSITION, BEGINNING OF YEAR	396,000,510	20,494,290	4,658,341	421,153,141	9,088,483
NET POSITION, END OF YEAR	\$ 430,749,729	\$ 22,176,033	\$ 5,649,992	\$ 458,575,754	\$ 13,835,321

The accompanying notes are an integral part of the financial statements.

ST. JOHNS COUNTY, FLORIDA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	MAJOR FUNDS		NONMAJOR FUND		
	St. Johns County Utilities	Solid Waste	Convention Center	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	\$ 54,064,196	\$ 25,096,815	\$ 1,199,761	\$ 80,360,772	\$ 5,612,141
Receipts from interfund services	-	-	-	-	26,270,399
Payments to suppliers	(18,836,050)	(21,490,626)	-	(40,326,676)	(27,547,096)
Payments to employees	(12,993,588)	(1,225,554)	-	(14,219,142)	(1,301,807)
Net cash provided by operating activities	22,234,558	2,380,635	1,199,761	25,814,954	3,033,637
NONCAPITAL FINANCING ACTIVITIES:					
Donations	-	-	-	-	175,000
Repayment of amount due from other funds	3,168	25,266	244,370	272,804	-
Advances to Other Funds	(4,417,564)	(4,417,564)	-	(8,835,128)	(8,741)
Net cash provided by (used in) noncapital financing activities	(4,414,396)	(4,392,298)	244,370	(8,562,324)	166,259
CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(15,290,939)	(211,366)	-	(15,502,305)	-
Sale of capital assets	6,644	9,540	-	16,184	-
Proceeds from capital contributions	2,148,088	-	-	2,148,088	-
Proceeds from prior year work for State Revolving Loan	5,285,398	-	-	5,285,398	-
Principal payments on revenue bonds	(4,174,105)	-	(1,364,000)	(5,538,105)	-
Principal payments on State Revolving Loan	(687,964)	-	-	(687,964)	-
Principal payments on long-term lease	(48,190)	-	-	(48,190)	-
Interest paid on revenue bonds, loans and lease obligations	(8,181,194)	-	(73,839)	(8,255,033)	-
Impact and developer fees	7,744,032	-	-	7,744,032	-
Net cash used in capital and related financing activities	(13,198,230)	(201,826)	(1,437,839)	(14,837,895)	-
INVESTING ACTIVITIES:					
Investment purchases	(470,202)	(110,050)	-	(580,252)	-
Proceeds from sale of investments	3,305,190	181,494	-	3,486,684	-
Investment income received	1,767,419	549,319	34,869	2,351,607	346,005
Net cash provided by investing activities	4,602,407	620,763	34,869	5,258,039	346,005
NET CHANGE IN CASH AND CASH EQUIVALENTS	9,224,339	(1,592,726)	41,161	7,672,774	3,545,901
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	16,267,333	4,830,977	1,781,861	22,880,171	13,139,296
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 25,491,672	\$ 3,238,251	\$ 1,823,022	\$ 30,552,945	\$ 16,685,197
NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:					
Accretion of interest on capital appreciation bonds	\$ 2,000,531	\$ -	\$ -	\$ 2,000,531	\$ -
Capitalized interest on state revolving loan	177,505	-	-	-	-
Unrealized gain on Investments	1,882,200	408,216	-	2,290,416	-
Capital assets contributed by developers	21,746,314	-	-	21,746,314	-
Capital assets purchased with debt	16,435,070	-	-	16,435,070	-
Accounts receivables written off	70,290	-	-	70,290	-
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income	\$ 6,919,772	\$ 724,228	\$ 1,019,773	\$ 8,663,773	\$ 4,265,810
Adjustments to reconcile operating income to cash provided by operating activities:					
Depreciation	16,561,989	342,599	220,741	17,125,329	-
Amortization of intangible assets	4,039	-	-	4,039	-
Prior year construction in progress written off	67,393	-	-	67,393	-
Bad debt expense	74,205	-	-	74,205	-
Change in accounts receivable	(385,882)	(130,631)	30,888	(485,625)	(452,968)
Change in due from other funds	-	-	-	-	(113,153)
Change in prepaid expense	-	-	-	-	(2,786)
Change in inventory	48,170	-	-	48,170	-
Change in deferred outflows	56,289	6,217	-	62,506	-
Change in other assets	728	36	-	764	-
Change in accounts payable and accrued liabilities	(2,300,594)	1,572,433	(40,216)	(768,377)	(248,862)
Change in customer deposits	54,005	2,399	-	56,404	-
Change in unearned revenue	-	-	(31,425)	(31,425)	-
Change in estimated liability for self insured losses	-	-	-	-	(414,581)
Change in due to other funds	-	-	-	-	177
Change in deferred inflows	(132,010)	(13,143)	-	(145,153)	-
Change in accrued landfill closure and post-closure costs	-	(247,783)	-	(247,783)	-
Change in pension liability	1,199,279	119,768	-	1,319,047	-
Change in OPEB liability	6,321	552	-	6,873	-
Change in accrued compensated absences	60,854	3,960	-	64,814	-
Net cash provided by operating activities	\$ 22,234,558	\$ 2,380,635	\$ 1,199,761	\$ 25,814,954	\$ 3,033,637

The accompanying notes are an integral part of the financial statements.

ST. JOHNS COUNTY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
OTHER POSTEMPLOYMENT BENEFITS TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

ADDITIONS	
Contributions:	
Employer	\$ 2,095,692
Investment income:	
Interest	21,022
Dividends	687,940
Net increase in fair value of investments	684,007
Total investment earnings	1,392,969
Less investment expense	(82,820)
Net investment income	1,310,149
TOTAL ADDITIONS	3,405,841
DEDUCTIONS	
Benefits	1,971,138
Administrative services	17,890
TOTAL DEDUCTIONS	1,989,028
NET INCREASE IN NET POSITION	1,416,813
NET POSITION RESTRICTED FOR OPEB, BEGINNING	34,006,094
NET POSITION RESTRICTED FOR OPEB, ENDING	\$ 35,422,907

The accompanying notes are an integral part of the financial statements.

1. REPORTING ENTITY

St. Johns County ("County") is a political subdivision of the State of Florida established in 1821. The County is organized under Article III of the Constitution of the State of Florida that empowers the creation of political subdivisions of the State. It is governed by an elected Board of County Commissioners ("Board"), which derives its authority by Florida Statutes and regulations. In addition to the members of the Board, there are five elected Constitutional Officers that are legally separate entities: Clerk of the Circuit Court, Sheriff, Tax Collector, Property Appraiser and Supervisor of Elections. The Constitutional Officers maintain separate accounting records and budgets.

For the purpose of these financial statements the financial reporting entity includes St. Johns County (the primary government) and its component units as required by accounting principles generally accepted in the United States of America ("Generally Accepted Accounting Principles").

The component units discussed below are included in the County's reporting entity either because the County is considered to be financially accountable for the entity, or it would be misleading to exclude the entity.

The County is financially accountable for an organization when the County appoints a voting majority for the organization's governing body and is able to impose its will on the organization; there is a potential for the organization to provide a financial benefit or impose a financial burden on the County; or the organization is fiscally dependent on the County.

Blended Component Units, although legally separate entities, are, in substance, part of the government's operation and so data from these units is combined with data of the primary government.

Blended Component Units

The Anastasia Sanitary District, St. Johns County Community Redevelopment Agency, Elkton Drainage District, Ponte Vedra Zoning & Adjustment Board, and the Vilano Street Lighting District are blended component units of the County. These units are included in the County's reporting entity because they have the same governing board as the primary government, and county management has operational responsibility.

The Anastasia Sanitary District maintains its legal existence; however, there has been no accounting activity for the Anastasia Sanitary District since 1992.

Discretely Presented Component Units

Discretely Presented Component Units are reported in separate columns on the government-wide financial statements to emphasize they are legally separate from the County. The following agencies' Board of Directors are appointed by the County, and the County has the ability to impose its will and has final approval authority for the corporate purposes they were chartered under Florida Statutes.

- The Housing Finance Authority of St. Johns County, Florida ("HFA") was created as a Florida public corporation in accordance with Florida Housing Finance Authority Law, Part IV of Chapter 159, Florida Statutes (1979), following the adoption of an approving ordinance (No. 80-7, dated February 26, 1980) by the Board. The purpose of the HFA is to encourage the investment of private capital and stimulate the construction of residential housing for low to moderate income families through the use of public financing. The HFA is authorized to

1. REPORTING ENTITY – (continued)

issue bonds to fulfill its corporate purpose in principal amounts specifically authorized by the County.

- The St. Johns County Industrial Development Authority (“IDA”) was created as a Florida public corporation in accordance with Florida Finance Authority Law, Part III of Chapter 159, Florida Statutes (1979), following the adoption of an approving ordinance (No. 80-9, dated January 22, 1980) by the Board. The purpose of the IDA is authorized to issue bonds to fulfill its corporate purpose in principal amounts specifically authorized by the County.

Separately issued financial statements are available as follows:

Housing Finance Authority of St. Johns County, Florida
P.O. Box 1533
St. Augustine, Florida 32085-1533

St. Johns County Industrial Development Authority
2825 Lewis Speedway, Suite 104
St. Augustine, Florida 32084

At September 30, 2019, St. Johns County had not entered into any joint ventures with any other governmental agencies.



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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the County conform to Generally Accepted Accounting Principles (“GAAP”) as applicable to governments. The following is a summary of the more significant policies.

A. Basis of Presentation

The accompanying financial statements of the County have been prepared in conformity with GAAP as prescribed by the Governmental Accounting Standards Board (“GASB”), GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles for units of local government.

B. Basic Financial Statements

General

The basic financial statements include both government-wide and fund level statements. The government-wide statements report on all of the non-fiduciary activities of the County and its component units. Both the government-wide and fund level statements classify primary activities of the County as either governmental activities, which are primarily supported by taxes and intergovernmental revenues, or business-type activities, which are primarily supported by user fees and charges.

The government-wide statement of net position reports all assets, deferred outflows, liabilities, and deferred inflows of the County, including both long-term assets and long-term debt and other obligations. The statement of activities reports the degree to which direct expenses of county functions are offset by program revenues, which include program specific grants and charges for services provided by a specific function. Direct expenses are those that are clearly identifiable with a specific function or program. The net cost of these programs is funded from general revenues such as taxes, intergovernmental revenue, and interest earnings.

The fund level statements report on governmental, proprietary, and fiduciary fund activities. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund level financial statements.

Since the fund level statements for governmental activities are presented using a different measurement focus and basis of accounting than the government-wide statements’ governmental activities column (as discussed under Basis of Accounting in this summary of significant accounting principles), a reconciliation is presented on the page following governmental fund level statements that briefly explains the adjustments necessary to convert the fund level statements into the government-wide column presentations.

Finally, the effect of interfund activity has been eliminated from the government-wide statements unless elimination of the payments, such as the indirect general fund administration charges for services between the several special revenue funds and the proprietary funds, distorts the direct cost reported for these functions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Structure

The County's accounts are maintained in accordance with the principles of fund accounting to ensure compliance with limitations and restrictions placed on the use of resources available to it. Under fund accounting, individual funds are established for the purpose of carrying on activities or attaining objectives in accordance with specific regulations, restrictions, or limitations. Each individual fund is a self-balancing set of accounts recording assets and other financing resources, together with deferred outflows/inflows, liabilities and residual equities or balances, and changes therein. For financial statement presentation, funds with similar characteristics, including those component units referenced above, are grouped into generic classifications as required by GAAP. A brief description of these classifications follows:

Governmental Funds

These funds report transactions related to resources received and used for those services traditionally provided by governmental agencies. The following are major governmental funds used by the County.

General Fund - The General Fund is the general operating fund of the County. It is used to account for and report all financial resources not accounted for and reported in another fund.

Transportation Trust Fund – This fund is used to account for all revenues, including ad-valorem taxes, federal and state grants, state shared and local fuel taxes, local charges for services, interest earnings, and expenditures for the County's transportation system.

Fire District – This fund accounts for revenues and expenditures for the operation of the County's fire stations which include ad-valorem taxes, charges for services, and grants which are to be used for fire protection services.

St. Johns County Community Redevelopment Agency – This fund accounts for additional tax increment revenue spending within several County redevelopment areas. The purpose is to increase the economic activity, opportunities and overall development within the areas.

Enterprise Funds

These funds report transactions related to activities similar to those found in the private sector. Major enterprise funds include:

St. Johns County Utilities – This fund accounts for the operations of the County's water and wastewater treatment services in certain areas of St. Johns County, including Ponte Vedra.

St. Johns County Solid Waste – This fund accounts for the operations of the County's landfill and transfer stations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise funds distinguish operating revenues and expenses from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the funds' principal ongoing operation. The principal operating revenues for the County's enterprise funds are charges to customers for sales and services. Operating expenses include direct expenses of providing the goods or services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenue and expenses.

Other Funds

Internal Service Funds – Internal service funds account for services provided primarily to other departments and elected officials of the County on a cost-reimbursement basis. The County has two internal service funds for collecting premiums and handling the payment of claims. They are the County's Workers Compensation and Health Insurance Funds.

Trust and Agency Funds – Trust and agency funds are used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals. The County reports these funds for the Board of County Commissioners, Clerk of Courts, Sheriff and Tax Collector. These funds account for the receipt and disbursement of funds that are custodial in nature, such as ad valorem taxes, cash bonds, traffic fines, support payments and other post-employment benefits for employees.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and trust fund financial statements. Under this method, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider are met.

Agency fund statements report assets and liabilities on the accrual basis of accounting only and, since there is no change in County equity from the receipt and disbursement of funds, it is not necessary to prepare operating statements and therefore agency funds do not have measurement focus of accounting.

Governmental fund financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Major revenues that are determined to be susceptible to accrual include state shared revenue, intergovernmental revenue, charges for services and investment income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Federal grants collected on a reimbursement basis are recognized as revenue when reimbursable expenditures are made. Revenues collected on an advance basis, including certain federal grant revenue, to which the County does not yet have legal entitlement, are not recognized as revenue until the related commitment arises. Generally, the County considers a 60-day availability period of revenue recognition.

Expenditures are recorded when the related fund liability is incurred, except for items that are not planned to be liquidated with expendable available resources.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Pooled Cash and Cash Equivalents

The County maintains a cash and equivalents pool that is available for use by all funds. Each fund's portion of this pool is displayed on the balance sheet as "Equity in Pooled Cash and Cash Equivalents". If a fund overdraws its account in the pool, a liability and corresponding receivable (i.e., due to/from other funds) are reported on the balance sheet. This includes cash in banks, petty cash, investments held by US Bank in the First American Funds Money Market Fund, balances in the Local Government Surplus Funds Trust Fund (the "State Pool") administered by the State Board of Administration; the Florida Local Government Investment Trust ("FLGIT") administered by the Florida Court of Clerks and Comptrollers and the Florida Association of Counties, the Florida Education Investment Trust fund ("FEIT"), and investments in the Fidelity Institutional Money Market Prime Money Market Portfolios. These accounts also make up the category of "Cash and Cash Equivalents" for purposes of the Statement of Cash Flows –Proprietary Funds.

E. Investments

The County has adopted an investment policy pursuant to Section 218.415, Florida Statutes, which allows surplus and other post-employment benefit funds to be invested in registered investment companies organized under the Investment Company Act of 1940 with holdings of domestic and/or international equities, domestic fixed income investments, real estate; money market mutual funds; comingled trusts organized by banks under the Office of the Controller of Currency; supranational agencies; United States government securities; United States government agencies; Federal instrumentalities; certificates of deposit or savings accounts; repurchase agreements; commercial paper; corporate paper or notes; state and/or local government taxable and/or tax-exempt debt and inter-governmental investment pools.

F. Property Taxes

The Tax Collector bills and collects property taxes. Tax revenues are recognized when levied, to the extent that they result in current receivables. At September 30, 2019, there were no property tax receivables.

Details of the County's tax calendar are presented below:

Lien date	January 1st
Levy date	October 1st
Delinquent date	April 1 st

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Inventories

Inventories, consisting primarily of expendable items (materials and supplies), are determined by physical count at the fiscal year end and valued at cost on the basis of the "first-in first-out" method of accounting.

Governmental Fund and Proprietary Fund inventories are recorded as an expenditure when consumed rather than when purchased (consumption method) for financial statement purposes.

H. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan and Health Insurance Subsidy Program and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

I. Deferred Outflows and Inflows

Deferred outflows represent the consumption of resources that is applicable to future reporting periods. Deferred inflows represent the acquisition of resources that is applicable to future reporting periods.

J. Restricted Assets

Certain funds of the County are classified as restricted assets on the statement of net position because a restriction is either imposed by law through constitutional provisions or enabling legislation, or imposed externally by creditors, grantors, contributors, or laws or regulations of other governments. Therefore, applicable laws and regulations limit their use. It is the practice of the County to utilize restricted net position before unrestricted net position.

K. Capital Assets

All purchased capital assets are recorded at cost where historical records are available and at estimated cost where no historical records exist. Donated capital assets are valued at their estimated acquisition value on the date received. Generally, capital assets costing more than \$1,000 and having a useful life of more than one year are capitalized. However, varying asset capitalization thresholds are established for the various types of infrastructure assets.

Intangible assets, including easements and internally generated computer software, are capitalized at cost or at the estimated acquisition value when received from the developer. Easements, which are attached to land, have indefinite useful lives and are not amortized. Internally generated computer software is amortized over the useful life of the software and values as determined by the County's Information Technology Department.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are reported in the applicable governmental or business-type column in the government-wide financial statements, and in the proprietary fund level statements.

The County began prospective reporting of general infrastructure assets as of the effective date of GASB Statement No. 34. Effective October 1, 2005, the County began retroactive reporting of all major general governmental infrastructure assets.

Depreciation on all capital assets is calculated using the straight-line method over the following useful lives:

Infrastructure	25-75 years
Bridges	35-75 years
Buildings and improvements	10-60 years
Furniture and equipment	4-10 years
Water and Sewer Systems	10-50 years

L. Accrual for Landfill Closure and Post-Closure Costs

Based on the consulting engineer's cost estimates, a portion of the estimated closure and post-closure cost for the Tillman Ridge Landfill is recognized as expense each year to match the flow of revenues. The estimated closure and post-closure cost accrued at September 30, 2019 is based on the current estimate to perform long-term care annually over the next 12 years.

M. Unearned Revenue

Unearned revenue reported in the Governmental Funds represents revenues that are received, but not earned until a future period. The revenue will be recognized in the fiscal year it is earned. Unearned revenue is recorded in liabilities.

N. Long-Term Obligations

In the government-wide financial statements, governmental long-term debt and other governmental long-term obligations are reported as liabilities in the governmental activities column of the Statement of Net Position. Long-term debt and other long-term obligations of the proprietary funds are reported as liabilities in the business-type activities column of the Statement of Net Position and the appropriate proprietary fund in the fund level statements.

O. Accrued Compensated Absences

County employees may accumulate earned personal leave benefits (compensated absences) at various rates within limits specified in the County's Administrative Code. This liability reflects amounts attributable to employee services already rendered, cumulative, probable for payment, and reasonably estimated in conformity with GASB Statement No. 16, *Accounting for Compensated Absences*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated absences liabilities are accrued when incurred in the government-wide financial statements and the proprietary fund level statements. No expenditure is reported in the governmental fund level statements for these amounts until payment is due. No liability is recorded for non-vesting accumulated sick pay benefits. Compensated absences liability is based on current rates of pay.

P. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County's OPEB plan, and for additions to /deductions from fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, the County recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market funds that have a maturity at the time of purchase of one year or less, which are reported at cost.

Q. Net Position

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows reported for the governmental activities, business-type activities, proprietary funds and fiduciary funds. Net position is reported as *restricted* when there are externally imposed restrictions. *Unrestricted* net position is net position that does not meet the definition of the classification previously described. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted sources as they are needed.

R. Fund Balances

The County follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

Fund balance classifications are described below:

Nonspendable Fund Balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the County's highest level of decision-making authority, which is by Ordinance approved by the Board. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of action.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the County’s intent to be used for specific purposes, but are neither restricted nor committed. Only the Board has the authority to assign amounts used for specific purposes through the St. Johns County Administrative Code adopted by Resolution 2006-128.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the General Fund, which is the only fund that can report a positive unassigned fund balance.

The County’s policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

S. Use of Estimates

The preparation of financial statements, in accordance with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. CASH AND INVESTMENTS

A. Pooled Cash and Cash Equivalents

Pooled cash and cash equivalents are defined as short-term highly liquid investments that are both readily convertible to known amounts of cash and have an original maturity of three months or less when acquired. This includes cash in banks, cash in bank deposit accounts for construction projects and debt service reserve obligations, petty cash, repurchase agreements, balances in the State Pool administered by the SBA (“PRIME”), the Florida Local Government Trust’s Day-to-Day Fund (“FLGIT”), administered by the Florida Clerk of Courts and Comptrollers Association and the Florida Association of Counties, the Florida Public Assets for Liquidity Management (“PALM”) sponsored and regulated by the Florida School Boards Association and the Florida Association of District School Superintendents, and the First American Government Obligation Money Market Fund (“First American”).

The State Pool is an investment pool authorized by Section 218.405, Florida Statutes and operates under investment guidelines established by Section 215.47, Florida Statutes. The State Pool Florida Prime has characteristics consistent with GASB’s requirements to measure its investments at amortized cost. Therefore, the Florida Prime balance of \$83,024,977 is reported at amortized cost. There were no redemption fees or maximum transaction amounts. Florida statutes do provide for situations in which a participant’s access to 100% of the account value is limited. The maximum amount of time provided to limit access is 17 days. The fair value of the position in the pool is substantially the same as the value of the pooled shares held at September 30, 2019.

FLGIT is an external investment pool that has characteristics consistent with GASB’s requirements to measure its investments at amortized cost. Therefore, FLGIT is reported at amortized cost. There are no redemption fees, maximum transaction amounts or restrictions on withdrawals. The fair value of the position in the pool is substantially equal to the value of the pool shares of \$4,059,299.

3. CASH AND INVESTMENTS (continued)

PALM Portfolio is an external investment pool that has characteristics consistent with GASB's requirements to measure its investments at amortized cost. Therefore, PALM Portfolio is reported at amortized cost. The fair value of the County's position in this pool of \$36,258,349 and is substantially equal to the value of the pool shares. There are no unfunded commitments for further investment nor limitations as to the frequency of redemptions under normal conditions. However, the Board of Trustees can suspend the right of withdrawal or postpone the date of payment under certain emergency situations.

PALM Term Portfolio is measured at Net Asset Value (NAV) and the position in this pool of \$45,000,000 reflects fair value. The objectives of this pool are to generate investment income while maintaining safety and liquidity. There are no restrictions or terms and conditions on redeeming this investment and the County has no unfunded commitments related to this investment.

First American is an external investment pool that has characteristics consistent with GASB's requirements to measure its investments at amortized cost. Therefore, First American is reported at amortized cost. The fair value of the County's position in this pool of \$493,483 and is substantially equal to the value of the pool shares. There are no unfunded commitments for further investment nor limitations as to the frequency of redemptions under normal conditions. However, the Board of Trustees can suspend the right of withdrawal or postpone the date of payment under certain emergency situations.

The County invests in an institutional money market fund. The County's position in this account at September 30, 2019 was \$500,006.

The County's investments in PRIME, FLGIT, FEIT, and the institutional money market expose it to credit and interest rate risks.

- Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.
 - PRIME, PALM Portfolio, First American, and the institutional money market fund are rated by Standard and Poor's and have a rating at September 30, 2019 of AAAM. FLGIT is rated by Fitch and has a rating of AAAM.
 - The PALM Term Portfolio is rated by Fitch Ratings and has a rating at September 30, 2019 of AA Af.
- Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment.
 - The weighted average maturity (WAM) of the Florida PRIME at September 30, 2019 was 37 days.
 - The weighted average maturity (WAM) of FLGIT's Day-to-Day Fund at September 30, 2019 was 30.45 days.
 - The weighted average maturity (WAM) of PALM's Portfolio Funds at September 30, 2019 was 52 days.
 - The weighted average maturity (WAM) of First American Funds at September 30, 2019 was 23 days.

3. CASH AND INVESTMENTS (continued)

- The weighted average maturity (WAM) of the institutional money market fund at September 30, 2019 was 25 days.

Regarding the hierarchy disclosure requirements of GASB No. 72, *Fair Value Measurement and Application*, it was determined that the investments in Florida PRIME, FLGIT, PALM Portfolio, First American and the bank money market funds are exempt from those requirements.

At September 30, 2019, all of the County's bank deposits were held in qualified public depositories, pursuant to Chapter 280, Florida Statutes and are fully insured or collateralized.

Component Units – At September 30, 2019, the Housing Finance Authority's and the Industrial Development Authority's cash on deposit were entirely insured or collateralized pursuant to Chapter 280, Florida Statutes.

B. Investments

On January 8, 2008 and subsequently amended on June 23, 2014, the County formally adopted a comprehensive change to the investment policy pursuant to Section 218.415, Florida Statutes that established permitted investments, asset allocation limits and issuer limits, credit ratings requirements and maturity limits to protect the County's investment assets. The County maintains common investment pool portfolios for the use of all available surplus funds ("Surplus Funds") and a separate portfolio which is held in an irrevocable trust for the St. Johns County OPEB Employee Trust Fund ("OPEB Trust Fund").

In addition, investments are separately held by the County's special revenue, debt service, capital projects and enterprise funds.

Finally, Section 218.415, Florida Statutes, limits the types of investments that the County can invest in unless specifically authorized in the County's investment policy. The County has a formal investment policy that allows for the following investments: the State Pool, United States Government Securities, United States Government Agencies, Federal Instrumentalities, Supranational Agencies, Non-negotiable Interest Bearing Certificates of Time Deposit or Saving Accounts, Repurchase Agreements, Commercial Paper Bankers' Acceptances, Corporate Paper and Notes, State and/or Local Government Taxable and/or Tax-Exempt Debt, Registered Investment Companies (Mutual Funds) and Inter-governmental Investment Pools.

The allowable investments of the OPEB Trust Fund include Registered Investment Companies (Equity, Real Estate and Fixed Income Mutual Funds) organized under the Investment Company Act of 1940 with holdings of domestic and/or international equities, high quality domestic fixed income investments, real estate and/or cash equivalents; Registered Investment Companies (Money Market Mutual Funds) that are rated AAm or AAm-G or better by Standard & Poor's, or the equivalent by another rating agency; and Commingled Trusts (Equity, Real Estate and Fixed Income Trusts) organized by a bank under the Office of the Controller of the Currency guidelines with holding of domestic and/or international equities, high quality domestic fixed income investments, real estate and/or cash equivalents. Additionally, the OPEB Trust Fund may include Supranational Agencies; Banker's Acceptances; Corporate Paper and Notes; Certificates of Deposits; Savings Accounts; Short-Term Corporate Obligations; Fixed Income Securities; U.S. Treasury, Federal Agencies and U.S. Government Guaranteed Obligation; Investment Grade Municipal Issues; Investment Grade Corporate Issues Including Convertibles; Common and Preferred Stocks; Real Estate Trusts and Private Real Estate in pooled vehicles.

3. CASH AND INVESTMENTS (continued)

1. Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The County has the following recurring fair value measurements as of September 30, 2019:

- Level One
 - Fixed Income and U. S. Treasury securities – valued daily based on institutional bond quotes provided by FT Interactive
 - Domestic equities – valued daily based on market closing price by FT Interactive Data
 - International equity – valued based on various market factors provided by FT Interactive Data and Extel Financial Ltd.
 - Other Growth - valued daily based on market closing price by FT Interactive Data

- Level Two
 - Federal Instrumentalities – valued daily based on institutional bond quotes provided by FT Interactive
 - Commercial paper – valued daily by institutional bond quotes provided by FT Interactive
 - Supranational Agencies – valued daily based on various market factors provided by Standard & Poor's and Bloomberg
 - Municipal Obligations – valued daily based on various market and industry inputs provided by FT Interactive Data and Bloomberg
 - Corporate notes – valued daily based on various market and industry inputs provided by FT Interactive Data

ST. JOHNS COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

3. CASH AND INVESTMENTS (continued)

As of September 30, 2019, the County's investment portfolios had the following investments for which fair value levels are determined on a recurring basis:

Surplus Fund Investments	Quoted Prices			Total Investments
	in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
U.S. Treasury Bond Notes	\$ 115,803,626	\$ -	\$ -	\$ 115,803,626
Federal Instrumentalities - Bonds/Notes				
FANNIE MAE Notes	-	861,293	-	861,293
FHLB Notes	-	3,544,391	-	3,544,391
FNMA Notes	-	5,210,790	-	5,210,790
	-	9,616,474	-	9,616,474
Corporate Notes	-	36,246,779	-	36,246,779
Supranational Agencies	-	6,707,241	-	6,707,241
Total Investments	\$ 115,803,626	\$ 52,570,494	\$ -	\$ 168,374,120

The County had one cash equivalent account measured at net asset value. The PALM Term Investment portfolio which is valued at \$45,000,000.



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3. CASH AND INVESTMENTS (continued)

As of September 30, 2019, the OPEB Trust consisted of the following asset classes and percent allocations, as well as fair value levels of those assets for which fair values are determined on a recurring basis:

OPEB Trust Investments	Quoted Prices			Total Investments
	in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Domestic Equity	\$ 15,234,852	\$ -	\$ -	\$ 15,234,852
International Equity	8,357,022	-	-	8,357,022
Fixed Income	10,632,089	-	-	10,632,089
Total investments at fair value	\$ 34,223,963	\$ -	\$ -	\$ 34,223,963

2. Interest Rate Risk

County Funds

The County's Surplus Funds investment policy limits interest rate risk by attempting to match investment maturities with known cash needs and anticipated cash flow requirements. Investments of current operating funds will have maturities of no longer than twenty-four (24) months. Investments of bond reserves, construction funds, and other non-operating funds ("core funds") shall have a term appropriate to the need for funds and in accordance with debt covenants. From time to time, the above parameters may require modification in order to meet specific construction draw schedules or other predetermined operating, capital needs or to satisfy debt obligation, but in no event shall exceed five years.



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3. CASH AND INVESTMENTS (continued)

Weighted average maturities of County investments are as follows:

U.S. Treasury Bond Notes	2.22
Federal Instrumentalities - Bonds/Notes	
FANNIE MAE Notes	4.35
FHLB Notes	4.38
FNMA Notes	1.51
Corporate Notes	1.79
Supranational Agencies	1.08

OPEB Funds

Interest rate risk is minimized in the OPEB Trust Fund because the County utilizes “effective duration” as a measurement of interest rate risk for Trust assets. Trust Assets are a mix of both equity and fixed income-oriented mutual funds. As of September 30, 2019, the portion of assets susceptible to interest rate risk (including Fixed Income and Cash Equivalent asset classes) was 31.1% and had a duration of 5.5 years. Duration is not a characteristic applicable to equity-oriented mutual funds (including Domestic and International Equity, REIT and inflation Hedged asset classes) and thus is not relevant to GASB Statement No. 40.

Interest receivable on the County’s investment portfolios amounted to \$1,133,515 as of September 30, 2019

3. Credit Risk

The County’s investment policy permits for investments in the following investments, which are limited to credit quality ratings from nationally recognized rating agencies as follows:

- Money Market Mutual funds shall be rated “AAm” or “AAm-G” or better by Standard & Poor’s or the equivalent by another national rating agency.
- State and/or local government taxable and/or tax-exempt debt, general obligation and/or revenue Bonds, rated at least “Aa” by Moody’s or “AA” by Standard & Poor’s for long-term debt, or rated at least “MIG-2” by Moody’s and “SP-2” by Standard & Poor’s for short-term debt.
- Bankers’ acceptances issued by a domestic bank, which has at the time of purchase an unsecured, uninsured and un-guaranteed obligation rating, at the time of purchase, of at least “Prime-1” by Moody’s Investors Services or “A-1” by Standard & Poor’s. The bank must be ranked in the top fifty (50) United States banks in terms of total assets by

3. CASH AND INVESTMENTS (continued)

the American Banker's yearly report. Additionally, the bank shall not be listed with any recognized credit watch information service.

- Commercial paper of any United States company that is rated, at the time of purchase, "Prime-1" by Moody's and "A-1" by Standard & Poor's (prime commercial paper). Additionally, if backed by a letter of credit (LOC"), the long term debt of the LOC provider must be rated at least "A" by at least two nationally recognized rating agencies and must be ranked in the top fifty (50) United States banks in terms of total assets by the American Banker's yearly report. The company shall not be listed with any recognized credit watch information service.

Additionally, the OPEB Trust Fund's investment policy for investments in fixed income securities and cash equivalents that are limited to credit quality ratings from nationally recognized rating agencies as follows:

- *Fixed Income*
Fixed Income Investments shall be high quality, marketable securities with a preponderance of the investments in (1) U.S. Treasury, Federal Agencies and U.S. Government guaranteed obligations, and (2) investment grade municipal or corporate issues including convertibles. The overall rating of the fixed income assets shall be at least "A", according to one of the three rating agencies (Fitch, Moody's or Standard and Poor's).
- *Cash Equivalents*
Cash equivalent reserves shall consist of cash instruments having a quality rating of "a-1", "P-1" or higher, as established by Moody's or Standard & Poor's. Bankers' acceptances, certificate of deposit and savings accounts must be made of United States banks or financial institutions or United States branches of foreign banks, which are federally insured with unrestricted capital of at least \$50 million. Short-term corporate obligations must be rated "A" or better by Moody's or by Standard & Poor's.



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ST. JOHNS COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

3. CASH AND INVESTMENTS (continued)

Credit risk for the County's investments are as follows:

Investment Type	Fair Value	Exempt	AAA	BB or Greater
Surplus Fund				
Federal Instrumentalities-Bond Notes	\$ 9,616,474	\$ -	\$ -	\$ 9,616,474
Corporate Notes	36,246,779	-	-	36,246,779
Supranational Agencies	6,707,241	-	6,707,241	-
Subtotal - Surplus Fund	52,570,494	-	6,707,241	45,863,253
OPEB Trust Fund				
Investment Assets:				
Taxable Bonds-Fixed Income Mutual Funds	10,632,089	-	-	10,632,089 *
Stocks-Equity Mutual Funds	23,591,874	23,591,874	-	-
Subtotal - OPEB Trust Fund	34,223,963	23,591,874	-	10,632,089
Total investments	\$ 86,794,457	\$ 23,591,874	\$ 6,707,241	\$ 56,495,342

* Approximately 10% of the Taxable Bonds-Fixed Income Mutual Funds are in investments rated lower than BB.

4. Custodial Credit Risk

The County's investment policy requires securities, with the exception of certificates of deposits, to be held by a third party custodian. Additionally, all securities purchased by, and all collateral obtained by the County should be properly designated as an asset of the County.

The securities must be held in an account separate and apart from the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida. Certificates of deposits will be placed in the provider's safekeeping department for the term of the deposit.

Finally, the County's investment policies require all assets be held with the custodial bank under a contractual agreement signed by the Chairman of the Board and the Clerk as Chief Financial Officer. All securities purchased by and all collateral obtained by the investment managers and/or the Clerk are designated as assets of the Surplus Fund or OPEB Trust Fund respectively. No withdrawal of securities, or transfer of funds, in whole or in part, can be made from safekeeping except by written

3. CASH AND INVESTMENTS (continued)

authorization of the Clerk. Securities transactions between a broker/dealer and the custodial bank involving the purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis, if applicable, to ensure that the custodial bank will have the security or money, as appropriate, in hand at the conclusion of the transaction.

As of September 30, 2019, the County's Surplus Fund and OPEB Trust Fund investment portfolios were held with a third-party custodian as required by the County's investment policies.

5. Concentration of Credit Risk

The County's investment policies have established asset allocation and issuer limits on the following investments. This is designed to reduce concentration of credit risk of the County's Surplus Fund and OPEB Trust Fund portfolios. The table below reflects the allowed distribution by investment type.

Security Type	Surplus Fund Allocation Permitted by Policy	Trust Fund Allocation Permitted by Policy	Trust Fund Allocation Target
Investment Assets			
Domestic Equity		26-46%	36%
International Equity		13-33%	23%
REIT		0-12%	6%
Fixed Income		20-60%	35%
Liquidity Assets			
Cash Equivalents		0% - 100%	100%
United States Treasury Securities	100%		
United States Government Agency Securities	50%		
Federal Instrumentalities	1 80%		
Certificates of Deposit	50%		
Repurchase Agreements	50%		
Commercial Paper	35%		
Mortgage-Backed Securities	1 25%		
Bankers' Acceptances	35%		
State and/or Local Government Debt	20%		
Money Market Mutual Funds	50%		
Intergovernmental Investment Pool	25%		
Guaranteed Investment Contracts	2 100%		

Notes:

1. The combined total of Federal Instrumentalities and Mortgage Backed Securities can not be more than 80%.
2. The Guaranteed Investment Contracts, which are not allowed under the County Investment Policy, were specifically adopted and authorized under the terms of the Resolution for the Series 2006, Transportation and Sales Tax Revenue Bonds. The permitted allocation was 100% of total bond proceeds.

3. CASH AND INVESTMENTS (continued)

Additionally, an effort shall be made, to the extent practical, prudent and appropriate, to select investments, commingled funds and/or mutual funds that have investment objectives and policies that are consistent with the County's policies. However, given their nature, it is recognized that there may be deviations between the policies and the objectives of the investments. A commingled fund or mutual fund will not be included in OPEB Trust Fund portfolio unless it complies with the Investment Company Act of 1940's diversification requirement.

Equity

Investment in common stocks, preferred stocks and publicly traded Real Estate Investment Trusts shall be limited to not more than 5% of the total stock portfolio valued at market may be invested in the common stock of any one corporation. Ownership of the shares of one company shall not exceed 2% of those outstanding. Not more than 25% of stock valued at market may be held in any one industry category.

Fixed Income

Fixed income securities of any one issuer shall not exceed 5% of the total bond portfolio, including, U.S. Treasury/Federal Agency issues, at time of purchase. The 5% limitation does not apply to issues of the U.S. Treasury or other Federal Agencies.

6. Foreign Currency Risk

The County investment policy does not allow for investments in foreign currency therefore the County has no exposure to foreign currency risk. However, the Trust's investment policy allows for non-U.S. investments through the use of commingled funds and/or mutual funds. All assets of the Trust are invested in funds denominated in U.S. Dollars. There is no direct foreign currency risk; however, underlying securities of these funds may be denominated in currencies other than the U.S. Dollar.

4. ACCOUNTS AND NOTES RECEIVABLE

Accounts receivable of \$1 million in the General Fund consist primarily of ambulance service accounts of \$2.4 million and are reported net of an allowance for doubtful accounts of \$1.4 million at September 30, 2019. The allowance represents 58% of the gross ambulance service accounts receivable at September 30, 2019. The balance of the receivable consists of restitution, returned checks, and miscellaneous service fees.

Accounts receivable of the Non-major Governmental Funds consist primarily of Tourist Development Tax receivables, cultural event receivables, returned checks, and other miscellaneous fees. The County considers these to be fully collectible. Therefore, an allowance for doubtful accounts is not considered necessary.

4. ACCOUNTS AND NOTES RECEIVABLE (continued)

Accounts receivable contained in the Enterprise Funds consist of the following receivables and their related allowance for doubtful accounts at September 30, 2019:

	Balance	Allowance	Net
St. Johns County Utilities Fund	\$ 2,827,868	\$ 75,108	\$ 2,752,760
Solid Waste Fund	1,041,095	1,000	1,040,095
Convention Center	454,293	217,322	236,971
	<u>\$ 4,323,256</u>	<u>\$ 293,430</u>	<u>\$ 4,029,826</u>

Notes receivable contained in the Statement of Net Position for Governmental Activities and the State Housing Initiatives Program fund includes \$300,000 in State Housing Initiatives Partnership (SHIP) program funds. The notes were provided as a “zero-percent interest” loan to assist in the development of multifamily housing units for low and very-low income rental housing.

Also, included in notes receivable on the Statements of Net Position for the Business Activities is \$42,222 of unit connection fee notes receivable. All of this amount is due during the next fiscal year. Water and sewer unit connection fees are non-refundable fees charged to new customers of the utility system as a capacity charge. The related notes receivable bear interest at 5.00% and are generally due in annual or monthly installments of principal and interest, with maturities of two to twenty years.

None of the above notes receivable are collateralized. At September 30, 2019, the County considers these to be fully collectible. Therefore, an allowance for doubtful accounts was not considered necessary.



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ST. JOHNS COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

5. CAPITAL ASSET ACTIVITY

Capital asset activity for the year ended September 30, 2019, is as follows:

Primary Government

	Beginning Balance October 1, 2018	Additions	Dispositions/ Reclassifications	Ending Balance September 30, 2019
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 507,848,826	\$ 22,815,582	\$ -	\$ 530,664,408
Construction in progress	74,562,694	11,601,088	59,490,186	26,673,596
Total capital assets not being depreciated	<u>582,411,520</u>	<u>34,416,670</u>	<u>59,490,186</u>	<u>557,338,004</u>
Other capital assets:				
Buildings and other improvements	319,115,040	15,445,720	220,803	334,339,957
Equipment	99,964,620	13,615,719	3,838,045	109,742,294
Infrastructure	694,501,052	87,780,227	-	782,281,279
Total other capital assets	<u>1,113,580,712</u>	<u>116,841,666</u>	<u>4,058,848</u>	<u>1,226,363,530</u>
Less accumulated depreciation for:				
Buildings and other improvements	100,498,202	4,883,435	48,209	105,333,428
Equipment	70,923,454	9,302,692	3,700,652	76,525,494
Infrastructure	197,465,618	22,858,697	-	220,324,315
Total accumulated depreciation	<u>368,887,274</u>	<u>37,044,824</u>	<u>3,748,861</u>	<u>402,183,237</u>
Other capital assets, net	<u>744,693,438</u>	<u>79,796,842</u>	<u>309,987</u>	<u>824,180,293</u>
Governmental activities capital assets, net	<u>\$ 1,327,104,958</u>	<u>\$ 114,213,512</u>	<u>\$ 59,800,173</u>	<u>\$ 1,381,518,297</u>



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ST. JOHNS COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

5. CAPITAL ASSET ACTIVITY (continued)

Primary Government

	Beginning Balance October 1, 2018	Additions	Disposals	Ending Balance September 30, 2019
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 115,846,079	\$ 2,743,848	\$ -	\$ 118,589,927
Construction in progress	35,261,045	28,931,522	7,373,173	56,819,394
Total capital assets not being depreciated	<u>151,107,124</u>	<u>31,675,370</u>	<u>7,373,173</u>	<u>175,409,321</u>
Other capital assets:				
Intangible assets	80,776	-	-	80,776
Buildings and other improvements	34,919,446	-	-	34,919,446
Equipment and systems	510,955,594	29,314,099	169,460	540,100,233
Total other assets	<u>545,955,816</u>	<u>29,314,099</u>	<u>169,460</u>	<u>575,100,455</u>
Less accumulated amortization and depreciation for:				
Intangible assets	16,155	4,039	-	20,194
Buildings and other improvements	13,241,972	676,658	-	13,918,630
Equipment and systems	172,086,398	16,448,671	167,715	188,367,354
Total accumulated depreciation	<u>185,344,525</u>	<u>17,129,368</u>	<u>167,715</u>	<u>202,306,178</u>
Other capital assets, net	360,611,291	12,184,731	1,745	372,794,277
Business-type activities capital assets, net	<u>\$ 511,718,415</u>	<u>\$ 43,860,101</u>	<u>\$ 7,374,918</u>	<u>\$ 548,203,598</u>

Depreciation expense was charged to the functions of the primary government as follows:

Governmental activities:	
General government	\$ 2,304,090
Public safety	9,043,309
Physical environment	142,670
Transportation	22,093,197
Economic environment	24,819
Human services	482,840
Culture and recreation	2,761,246
Court related	192,653
Total depreciation expense - Governmental activities	<u>\$ 37,044,824</u>

5. CAPITAL ASSET ACTIVITY (concluded)

Business-type activities:

	Depreciation	Amortization	Total
St. Johns County Utility	\$ 16,561,989	\$ 4,039	\$ 16,566,028
Solid Waste	342,599	-	342,599
Convention Center	220,741	-	220,741
Total depreciation expense - Business-type activities	<u>\$ 17,125,329</u>	<u>\$ 4,039</u>	<u>\$ 17,129,368</u>

6. LONG-TERM OBLIGATIONS

A. Long-term obligations at September 30, 2019 are comprised of the following:

Governmental Activities Long-Term Obligations

Revenue Bonds and Notes Payable:

\$52,315,000 – 2015 Sales Tax Revenue and Refunding Bonds: secured by a lien upon and pledge of local government half-cent sales tax to refund a portion of the outstanding Sales Tax Revenue Refunding Bonds, Series 2006, which included funding of various capital improvements within the County, paying the costs of additional County-wide capital improvements, funding the debt service reserve account surety bond and paying certain costs of issuance; due in annual installments of \$1,545,000 to \$6,290,000 through October 1, 2036, plus interest at 5.0% payable semiannually, plus unamortized premium of \$5,781,274. The approximate balance of the pledge, which equals the remaining principal and interest is \$69,994,275. During fiscal year 2019, \$20,085,955 was recognized in sales tax revenues and \$3,927,775 was paid for debt service.

\$ 47,195,000

6. LONG-TERM OBLIGATIONS (continued)

\$24,755,000 – 2015 Transportation Improvement Revenue Refunding Bonds - secured by a lien upon and pledge of gas tax revenues for the cost of refunding a portion of the County's outstanding Transportation Improvement Revenue Bonds, Series 2006, and to pay certain costs of issuance; due in annual installments of \$645,000 to \$3,610,000 through October 1, 2035, plus interest at 3.125% to 5.0%, payable semiannually plus unamortized premium of \$1,584,006. The approximate balance of the pledge, which equals the remaining principal and interest is \$32,886,725. During fiscal year 2019, \$10,318,136 was recognized in gas tax revenues and \$1,659,994 was paid for debt service. 22,815,000

\$15,300,000 – 2014 Capital Improvement Revenue Refunding Bonds - secured by a lien upon and a pledge of State Revenue Sharing Funds to advance refund a portion of the Series 2005, St Johns County, Florida, Capital Improvement Revenue and Refunding Bonds and to pay certain costs of issuance; due in annual installments of \$590,000 to \$1,020,000 through July 1, 2035 plus interest at 3.0% to 5.0%, payable semiannually plus unamortized premium of \$748,220. The approximate balance of the pledge, which equals the remaining principal and interest, is \$17,788,562. During fiscal year 2019, \$7,098,576 was recognized as State Revenue Sharing Revenues and \$1,163,306 was paid for debt service. 12,970,000

\$4,500,000 – 2014 Taxable Capital Improvement Revenue Bonds – secured with a governmental commitment to budget and appropriate necessary non-ad valorem revenues for the construction, equipping, and installation of a new health and human services building, and to pay certain costs of issuance; due in annual installments of \$270,000 to \$395,000 through October 1, 2028, plus interest at 3.99%, payable semiannually. The approximate balance of the pledge, which equals the remaining principal and interest, is \$3,707,988. During fiscal year 2019, \$63,804,000 was recognized as the average legally available amount of non-ad valorem revenues, and \$413,465 was paid for debt service. 3,065,000

\$13,137,000 – 2012 Capital Improvement Revenue Bonds- secured with a governmental commitment to budget and appropriate necessary non-ad valorem revenues for the construction, equipping, and installation of an intergovernmental communications center and to pay certain costs of issuance; due in annual installments of \$1,136,000 to \$1,255,000 through October 1, 2023, plus interest at 1.9999%, payable semiannually. The approximate balance of the pledge, which equals the remaining principal and interest, is \$5,119,068. During fiscal year 2019, \$63,804,000 was recognized as the average legally available amount of non-ad valorem revenues and \$1,279,634 was paid for debt service. 4,873,000

6. LONG-TERM OBLIGATIONS (continued)

\$41,030,000 - 2012 Sales Tax Revenue Refunding Bonds – secured by a lien upon and pledge of local government half-cent sales tax to refund the outstanding Sales Tax Revenue Refunding Bonds, Series 2004, which included funding of capital improvements for the Vilano Beach CRA, funding for the debt service reserve account surety bond, and for paying certain costs of issuance; due in annual installments of \$245,000 to \$3,085,000 through October 1, 2034, plus interest at 2.5% to 5%, payable semiannually, plus unamortized premium of \$2,434,703. The approximate balance of the pledge, which equals the remaining principal and interest is \$53,765,393. During fiscal year 2019, \$20,085,955 was recognized in sales tax revenue and \$1,918,619 was paid for debt service. 39,440,000

\$25,050,000 - 2012 Transportation Improvement Revenue Refunding Bonds – secured by a lien upon and pledge of gas tax revenues for the refunding of a portion of the County’s outstanding Transportation Improvement Revenue Bonds, Series 2003, and for paying certain costs of issuance; due in annual installments of \$1,080,000 to \$1,920,000 through October 1, 2032, plus interest at 3.0% to 5.0%, payable semiannually, plus unamortized premium of \$1,054,884. The approximate balance of the pledge, which equals the remaining principal and interest is \$26,193,537. During fiscal year 2019, \$10,318,136 was recognized in gas tax revenues, and \$2,013,375 was paid on debt service. 19,750,000

\$10,840,000 – 2019 Special Obligation Refunding Revenue Bonds – secured with a governmental commitment to budget and appropriate necessary non-ad valorem revenues to refund the outstanding Sales Tax Revenue and Refunding Bonds, Series 2009; due in annual installments of \$1,446,750 to \$1,452,750 through October 1, 2028, plus interest at 5%, payable semiannually, plus unamortized premium of \$1,640,737. The approximate balance of the pledge, which equals the remaining principal and interest is \$13,041,500. During fiscal year 2019, \$63,804,000 was recognized as the average legally available amount of non-ad valorem revenues and \$847,133 was paid for debt service. 10,300,000

\$4,701,000 - 2011 St. Johns County Community Redevelopment Agency Revenue Refunding Note - Flagler Estates Project - secured by a lien upon and pledge of tax increment financing revenues within the Flagler Estate Road and Water Control District to refund the outstanding Series 2007 note and pay certain costs of issuance; due in annual installments of \$473,000 to \$504,000, plus interest at 1.8% through August 1, 2021; payable semiannually. The approximate balance of the pledge, which equals the remaining principal and interest, is \$1,026,054. During fiscal year 2019, \$129,713 was recognized in tax increment financing revenues and \$511,712 was paid for debt service. 999,000

ST. JOHNS COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

6. LONG-TERM OBLIGATIONS (continued)

Pooled Commercial Paper Loan – secured with a governmental commitment to budget and appropriate necessary non-ad valorem revenues for the construction of various capital improvements; due in annual installments of \$1,342,000 to \$1,964,000 through 2021; plus interest at rates that vary depending on market on the day of sale which are charged as a blended rate of the notes outstanding in any particular month; due monthly. The approximate balance of the pledge, which equals the remaining principal and estimated interest, is \$4,533,860. During fiscal year 2019, \$63,804,000 was recognized as the average legally available amount of non-ad valorem revenues and \$1,993,050 was paid for debt service.	4,343,000
 \$5,134,778 Obligations under the State Revolving Loan Trust Fund – secured by a lien upon and pledge of revenues received within the Municipal Service Benefit Unit (“MSBU”) for the construction (\$5,134,778) and capitalized interest (\$134,100) of capital projects within the Ponte Vedra Municipal Service District; due in annual installments of \$171,250 to \$335,070, plus interest of 2.95%. The approximate balance of the pledge, which equal the remaining principal and interest, is \$2,150,591. During fiscal year 2019, \$346,234 was recognized in MSBU revenues and \$314,316 was paid for debt service.	<u>2,042,084</u>
Total revenue bonds, notes payable and other loans	167,792,084
Obligations under capital leases	7,992,594
Original issue premiums	13,174,220
Accrued compensated absences	12,749,703
Net pension liability	209,884,769
Net OPEB liability	<u>2,911,839</u>
Total Governmental Activities Long-Term Obligations	<u>\$414,505,209</u>

6. LONG-TERM OBLIGATIONS (continued)

Business-type Activities Long-Term Obligations

Revenue Bonds:

\$28,270,000 – 2014 St. Johns County Utilities Water and Sewer Revenue Refunding Bonds – secured by a lien upon and pledge of County water and sewer net revenues to advance refund a portion of the County’s outstanding Water and Sewer Revenue Refunding Bonds, Series 2006; due in annual installments of \$915,000 to \$2,160,000 through June 1, 2036, plus interest at 4% to 5%, payable semiannually, plus unamortized premium of \$3,583,177. The approximate balance of the pledge, which equals the remaining principal and interest, is \$38,493,500. During fiscal year 2019, \$30,211,521 was recognized in net revenues and \$2,264,250 was paid in debt service. \$ 25,525,000

\$8,081,000 – 2014 Taxable Capital Improvement Revenue Refunding Bonds – secured with a governmental commitment to budget and appropriate necessary non-ad valorem revenues to refund the outstanding Series 2004 Convention Center bonds and pay certain costs of issuance; due in annual installments of \$1,330,000 to \$1,437,000 through December 1, 2020; interest at 2.1% payable semiannually. The approximate balance of the pledge, which equals the remaining principal and interest, is \$2,893,934. During fiscal year 2019, \$63,804,000 was recognized as the average legally available amount of non-ad valorem revenues and \$1,437,836 was paid in debt service. 2,834,000

\$55,440,274 – 2013 St. Johns County Utilities Water and Sewer Revenue Refunding Bonds – secured by a lien upon and a pledge of County water and sewer net revenues for the current refunding of the outstanding Water and Sewer Revenue Refunding Bonds, Series 1998 and the advance refunding of a portion of the outstanding Water and Sewer Revenue Bonds, Series 2004, to construct various County utility projects, to fund the debt service reserve account, to pay certain cost of issuance, and to pay capitalized interest on the Series 2013 bonds; due in annual installments of \$780,000 to \$3,337,000 through June 2042; interest at 3% to 5%, payable semiannually and annually for capital appreciation bonds where interest is due at maturity plus accreted interest on capital appreciation bonds of \$8,329,990, and unamortized premium of \$2,474,024. The approximate balance of the pledge, which equals the remaining principal and interest is \$89,249,050. During fiscal year 2019, accrued interest on the capital appreciation bonds was \$1,389,383, \$30,211,521 was recognized in net revenues, and \$1,749,787 was paid for debt service 51,510,274

6. LONG-TERM OBLIGATIONS (continued)

<p>\$14,680,398 – 1991A St. Johns County Utilities Water and Sewer Revenue Bonds – secured by a lien upon and pledge of County water and sewer net revenues for the acquisition of St. Augustine Shores Utility, construction of various County utility capital improvements, to fund the debt service reserve account surety bond, and to pay certain cost of issuance; due in annual installments of \$460,629 to \$567,059, plus interest at 7.05%, through June 1, 2021; payable annually for capital appreciation bonds where interest is due at maturity, including accreted interest on capital appreciation bonds of \$5,737,495; less unamortized discount of \$11,430. The approximate balance of the pledge, which equals the remaining principal and interest is \$7,250,000. During fiscal year 2019, accrued interest on the capital appreciation bonds was \$611,148; \$30,211,521 was recognized in net revenues, and \$3,625,000 was paid for debt service.</p>	954,318
<p>\$54,960,000 – 2016 St. Johns County Water and Sewer Revenue and Refunding Bonds – secured by a lien upon and pledge of county water and sewer net revenue for the purpose of refunding the outstanding Ponte Vedra Utility System Revenue Bonds, Series 2006 and 2007, and to refund the St. Johns County Utilities Water and Sewer Revenue Bonds, Series 2006, to provide for the construction of various county utility capital improvements, and to provide payment for certain costs of issuance; due in annual principal installments of \$1,830,000 to \$3,710,000, plus interest at 1.75% to 5.0%, payable semiannually, plus unamortized premium of \$9,693,573. The approximate amount of the pledge, which equals remaining principal and interest is \$73,781,187. During fiscal year 2019, \$30,211,521 was recognized in net revenues and \$4,347,062 was paid for debt service.</p>	<u>49,665,000</u>
<p>Total Revenue Bonds</p>	130,488,592
<p>\$8,503,771 Obligations under St. Johns County Utilities State Revolving Loan Trust Fund – secured by a subordinated lien upon and pledge of County water and sewer net revenues for construction costs of \$8,184,068, loan service fee of \$163,681, and capitalized interest of \$156,022 for County utility projects; due in semiannual installments of \$272,496 through July 15, 2034, plus interest and grant assessment rate that is an average of approximately 2.61%. The approximate balance of the pledge, which equals the remaining principal and interest is \$7,451,081. During fiscal year 2019, \$18,305,988 was recognized in net revenues available for subordinated debt and \$453,543 was paid for debt service.</p>	6,727,275

ST. JOHNS COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

6. LONG-TERM OBLIGATIONS (continued)

<p>\$6,838,510 Obligations under Ponte Vedra Utilities State Revolving Fund Loan – secured by a subordinated lien upon and pledge of water and sewer net revenues for construction costs of \$6,742,410 for Ponte Vedra Utility capital projects and capitalized interest of \$96,100; due in semiannual installments of \$214,925 through February 15, 2033, plus interest of 2.12%. The approximate balance of the pledge, which equals the remaining principal and interest, is \$5,808,921. During fiscal year 2019, \$18,305,988 was recognized in net revenues available for subordinated debt and \$429,850 was paid for debt service.</p>	4,861,966
<p>\$36,306,590 Obligation under St. Johns County Utilities State Revolving Fund Loan – secured by a subordinated lien upon and pledge of water and sewer net revenues for eventual construction costs of \$35,791,390 for Utility capital projects and capitalized interest of \$515,200; All authorized borrowings had not occurred as of September 30, 2019, but based on the borrowings at year end, this loan will be due in semiannual installments of \$1,042,897 beginning April 2021 through April 2026, plus interest and grant assessment rate at 1.38%. The approximate balance of the pledge, which equals the remaining principal and interest is \$29,327,263. During fiscal year 2019, \$18,305,988 was recognized in net revenues available for subordinated debt service and there were no payments made on this debt.</p>	<u>27,054,755</u>
Total Revenue Bonds and Loans	169,132,588
Obligations under capital leases	306,744
Accreted interest on capital appreciation bonds	14,067,485
Original issue premiums	15,750,774
Original issue discount	(11,430)
Landfill closure/post-closure care	4,128,826
Accrued compensated absences	1,092,961
Net pension liability	9,753,209
Net OPEB liability	<u>293,439</u>
Total Business-type Activities Long-Term Obligations	<u>\$214,514,596</u>

ST. JOHNS COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

6. LONG-TERM OBLIGATIONS (continued)

B. Debt service requirements to maturity on the County's revenue bonds, notes payable, and loans at September 30, 2019 are as follows:

Ending Sept. 30	Governmental Activities		Business-Type Activities		Totals	
	Interest	Principal	Interest	Principal	Interest	Principal
2020	\$ 7,740,951	\$ 11,201,431	\$ 8,472,102	\$ 6,282,621	\$ 16,213,053	\$ 17,484,052
2021	7,328,182	11,539,034	8,219,477	7,360,156	15,547,659	18,899,190
2022	6,829,513	10,115,889	6,124,847	9,315,609	12,954,360	19,431,498
2023	6,379,892	10,519,009	5,973,394	9,330,194	12,353,286	19,849,203
2024	5,912,485	9,255,400	5,744,848	9,424,309	11,657,333	18,679,709
2025-29	22,957,995	49,421,321	24,751,931	48,885,691	47,709,926	98,307,012
2030-34	11,816,592	49,665,000	17,259,303	52,780,720	29,075,895	102,445,720
2035-39	1,619,451	16,075,000	5,253,821	20,918,288	6,873,272	36,993,288
2040-44	-	-	669,870	4,835,000	669,870	4,835,000
	<u>\$ 70,585,061</u>	<u>\$ 167,792,084</u>	<u>\$ 82,469,593</u>	<u>\$ 169,132,588</u>	<u>\$ 153,054,654</u>	<u>\$ 336,924,672</u>

C. Long-Term obligations transactions of the County for Fiscal Year 2019 are summarized as follows:



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ST. JOHNS COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

6. LONG-TERM OBLIGATIONS (continued)

	GOVERNMENTAL ACTIVITIES				
	October 1, 2018	Additions	Deductions	September 30, 2019	Current
Capital improvement revenue bonds					
Series 2012	\$ 6,032,000	\$ -	\$ 1,159,000	\$ 4,873,000	\$ 1,182,000
Capital improvement revenue refunding bonds,					
Series 2014	13,580,000	-	610,000	12,970,000	635,000
Taxable capital improvement revenue bonds,					
Series 2014	3,345,000	-	280,000	3,065,000	290,000
Sales tax revenue refunding bonds,					
Series 2009	14,770,000	-	14,770,000	-	-
Sales tax revenue refunding bonds,					
Series 2009A	1,505,000	-	1,505,000	-	-
Sales tax revenue refunding bonds,					
Series 2012 A and 2012B	39,695,000	-	255,000	39,440,000	1,985,000
Sales tax revenue and refunding bonds,					
Series 2015	48,820,000	-	1,625,000	47,195,000	1,705,000
Transportation improvement revenue bonds,					
Series 2015	23,485,000	-	670,000	22,815,000	705,000
Transportation improvement revenue bonds,					
Series 2012	20,870,000	-	1,120,000	19,750,000	1,180,000
Special obligation refunding revenue bonds,					
Series 2019	-	10,840,000	540,000	10,300,000	935,000
Revenue bonds	172,102,000	10,840,000	22,534,000	160,408,000	8,617,000
Plus original issue premium	12,336,634	1,747,148	909,562	13,174,220	-
Less original issue discount	12,418	-	12,418	-	-
Total revenue bonds	<u>184,426,216</u>	<u>12,587,148</u>	<u>23,431,144</u>	<u>173,582,220</u>	<u>8,617,000</u>
Obligations State Revolving Loan Series 2005	2,323,162	-	281,078	2,042,084	289,431
Commercial Paper Program	6,278,000	-	1,935,000	4,343,000	1,800,000
Community Revelopment Agency refunding note,					
Series 2011	1,484,000	-	485,000	999,000	495,000
Obligations under capital leases	4,368,818	5,298,905	1,675,129	7,992,594	2,287,599
Accrued compensated absences	12,682,982	11,177,767	11,111,046	12,749,703	4,190,404
Net pension liability	181,885,986	27,998,783	-	209,884,769	665,062
Net OPEB liability	2,821,531	90,308	-	2,911,839	-
Total General Long-Term Obligations	<u>\$ 396,270,695</u>	<u>\$ 57,152,911</u>	<u>\$ 38,918,397</u>	<u>\$ 414,505,209</u>	<u>\$ 18,344,496</u>

ST. JOHNS COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

6. LONG-TERM OBLIGATIONS (continued)

	BUSINESS TYPE ACTIVITIES				
	October 1, 2018	Additions	Deductions	September 30, 2019	Current
Water and sewer revenue bonds					
Series 1991	\$ 1,483,423	\$ -	\$ 529,105	\$ 954,318	\$ 493,689
Series 2013	52,305,274	-	795,000	51,510,274	820,000
Series 2014	26,475,000	-	950,000	25,525,000	985,000
Series 2016	51,565,000	-	1,900,000	49,665,000	1,975,000
Taxable capital improvement revenue bonds					
Series 2014 (Convention Center)	4,198,000	-	1,364,000	2,834,000	1,397,000
Total bonds - principal	<u>136,026,697</u>	<u>-</u>	<u>5,538,105</u>	<u>130,488,592</u>	<u>5,670,689</u>
Add accreted interest on capital appreciation bonds					
Series 1991A	8,222,242	611,148	3,095,895	5,737,495	-
Series 2013	6,940,607	1,389,383	-	8,329,990	-
Plus original issue premium	16,673,288	-	922,514	15,750,774	-
Less original issue discount	18,904	-	7,474	11,430	-
Total Revenue bonds	<u>167,843,930</u>	<u>2,000,531</u>	<u>9,549,040</u>	<u>160,295,421</u>	<u>5,670,689</u>
Obligations under State Revolving Loans					
Series 2012	7,089,370	-	362,095	6,727,275	371,618
Series 2013	5,187,835	-	325,869	4,861,966	240,314
Series 2017	10,442,180	16,612,575	-	27,054,755	-
Obligations under capital leases	354,934		48,190	306,744	37,599
Landfill closure/post-closure	4,376,609	-	247,783	4,128,826	344,069
Accrued compensated absences	1,028,147	938,902	874,088	1,092,961	263,801
Net pension liability	8,434,162	1,319,047	-	9,753,209	31,338
Net OPEB liability	286,566	6,873	-	293,439	-
Total Business Type Activities Obligations	<u>\$ 205,043,733</u>	<u>\$ 20,877,928</u>	<u>\$ 11,407,065</u>	<u>\$ 214,514,596</u>	<u>\$ 6,959,428</u>

6. LONG-TERM OBLIGATIONS (continued)

- D. Compensated absences, net pension liability, and OPEB liability have typically been liquidated mainly in the general and enterprise funds.
- E. The County has entered into lease agreements for office facilities and equipment that are cancelable operating leases. The total expense/expenditures of such leases were \$683,916 for governmental activities and \$99,937 for business-type activities for the year ended September 30, 2019.
- F. Disclosures required for the County's capital leases are as follows:

Net book value of assets under capital leases, as of September 30, 2019, is as follows:

	Governmental Activities	Business-Type Activities
Asset:		
Building Improvements	\$ 3,493,570	\$ 550,657
Equipment	12,816,208	-
	<u>16,309,778</u>	<u>550,657</u>
Less: accumulated depreciation	(6,891,503)	(220,262)
Net book value - assets under capital leases	<u>\$ 9,418,275</u>	<u>\$ 330,395</u>

Included in depreciation expense is \$1,708,660 of expense related to governmental activities and \$36,710 of expense related to business-type activities.

The annual requirements under these capital lease obligations as of September 30, 2019 are as follows:

Year Ending September 30,	Governmental Activities	Business-Type Activities
2020	\$ 2,493,370	\$ 45,211
2021	1,917,278	45,211
2022	1,462,417	45,211
2023	1,019,873	45,211
2024	1,019,897	45,211
2025-2029	<u>612,448</u>	<u>113,018</u>
Total minimum lease payment	8,525,283	339,073
Less: amount representing interest	(532,689)	(32,329)
Present value of minimum payments	<u>\$ 7,992,594</u>	<u>\$ 306,744</u>

6. LONG-TERM OBLIGATIONS (continued)

- G. In previous fiscal years, the County advance refunded several bond issues and placed the proceeds in an irrevocable trust to provide for all future debt service payments on the old bonds. As of September 30, 2019, \$99,565,617 of the refunded bonds remains outstanding, but they are considered defeased. The amounts in escrow are sufficient to retire all outstanding bonds and interest. Since these bonds are legally defeased, they are not included in the financial statements.
- H. During the current year, the County issued the 2019 Special Obligation Refunding Revenue Bonds. This issue was used to refund the 2009 Sales Tax Revenue Refunding Bonds. Per the terms of the Escrow agreement, the proceeds set aside to refund the debt shall remain uninvested in cash throughout the life of the old bonds. This refunding will result in a cash flow savings of \$2,521,280 over the life of the refunded maturities and a net present value debt service savings of \$2,049,044, discounted at 2.32%.
- I. Conduit Debt, Component Units

The Industrial Development Authority (“IDA”) has from time to time issued Industrial Development Revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance.

Neither the IDA, the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly the bonds are not reported as liabilities in the accompanying financial statements. As of September 30, 2019, there were several series of bonds outstanding. The aggregate principal amount payable could not be determined.

Additionally, the Housing Finance Authority (“HFA”) has issued bonds to provide financial assistance to private sector entities for the acquisition and construction of housing developments deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance.

Neither the HFA, the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly the bonds are not reported as liabilities in the accompanying financial statements. As of September 30, 2019, the aggregate principal amount payable could not be determined for these bonds; however, the aggregate original issue amount was \$7,800,000.

The HFA has four notes receivable at September 30, 2019, each secured by a Mortgage and Security Agreement. The first note was issued August 31, 2015 for \$70,000, has a balance outstanding of \$64,463 at September 30, 2019, and is receivable over 30 years in monthly installments of \$225 which includes 1% interest. The second note, issued May 30, 2001 for \$55,000 and modified September 26, 2002, has a balance outstanding of \$15,793 at September 30, 2019, and is receivable over 20 years in monthly installments of \$333 which includes 4% interest. The third note, issued July 9, 2002 for \$110,580, has an outstanding balance of \$110,580 at September 30, 2019. Interest only payments are required monthly beginning March 27, 2016 at the rate of prime plus 1%, and the principal balance is receivable in full on or before March 27, 2026. The fourth note, issued December 8, 2005 for \$37,500,

6. LONG-TERM OBLIGATIONS (continued)

was receivable in full on or before September 15, 2012, with 3% interest. Since the original due date, the HFA has deferred payment on the loan multiple times. There is currently a lien on the property. At September 30, 2019, the outstanding balance on this note was \$24,000, which is net of a \$13,500 allowance.



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ST. JOHNS COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

7. INTERFUND BALANCES AND TRANSFERS

A. The composition of interfund transfers for the year ended September 30, 2019 is as follows:

Fund Type/Fund	Transfer In	Transfer Out
MAJOR GOVERNMENTAL FUNDS		
General Fund	\$ 3,701,357	\$ 8,042,792
Transportation Trust Fund	-	96,471
Fire District	-	737,373
St. Johns County Community Redevelopment Agency	-	825,267
NONMAJOR GOVERNMENTAL FUNDS		
Special Revenue Funds:		
County Health Department	4,000	-
Beach	1,056,895	551,674
Tourist Development Tax	-	1,769,467
Impact Fees Building	-	1,800,908
Impact Fees Police	509,919	15,000,000
Impact Fees Fire/EMS	-	732,928
Impact Fees Roads	-	1,500,000
Impact Fees Parks	-	382,888
E-911 Communications	-	998,335
Crime Prevention	-	71,805
Alarm Fund	-	18,765
St. Johns County Transit System	378,489	-
Court Facilities	-	368,611
Coastal Highway Dune and Beach M.S.T.U.	100,000	-
South Ponte Vedra Boulevard Dune and Beach M.S.T.U.	450,000	-
Community Based Care	88,178	-
County Cultural Center	150,000	-
Debt Service Funds:		
Transportation Improvement Revenue Refunding Bonds, Series 2012	900,000	-
TD Bank Capital Improvement Revenue Bond, Series 2014	411,226	-
Pooled Commercial Paper Loan Program	2,084,443	-
Sales Tax Revenue Refunding Bonds, Series 2009	444,507	-
St. Johns County Community Redevelopment Agency Refunding Notes	522,373	-
SunTrust Capital Lease Agreement	240,768	-
Sales Tax Revenue Refunding Bonds, Series 2012	382,888	-
Chase Capital Improvement Revenue Bond, Series 2012	1,272,014	-
Sales Tax Revenue Refunding Bonds, Series 2015	2,042,463	-
Transportation Improvement Revenue Refunding Bonds, Series 2015	600,000	-
Special Obligation Refunding Revenue Bonds, Series 2019	847,135	-
Capital Projects Funds:		
Beach Re-Nourishment Project	1,475,000	-
Sheriff Training Facility	15,000,000	-
NONMAJOR ENTERPRISE FUND: Convention Center	244,370	-
INTERNAL SERVICE FUND: Health Insurance	-	8,741
Total	\$ 32,906,025	\$ 32,906,025

ST. JOHNS COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

7. INTERFUND BALANCES AND TRANSFERS (continued)

B. At September 30, 2019, interfund balances are as follows:

Fund Type/Fund	Due To	Due From
MAJOR GOVERNMENTAL FUNDS		
General Fund	\$ 166,163	\$ 270,268
Transportation Trust Fund	43,265	57,299
Fire District	250	86,700
NONMAJOR GOVERNMENTAL FUNDS		
Special Revenue Funds:		
Building Services	-	15,895
State Housing Initiatives Program	-	473
Community Based Care	-	11,454
Court Technology	-	345
Crime Prevention Fund	-	5,147
Beach	-	1,242
Pier	-	812
Tourist Development Tax	-	760
County Cultural Center	-	6,332
County Golf Course	-	1,920
E-911 Communications	-	51,130
Treasure Beach M.S.B.U.	-	7
St. Johns County Transit System	-	293
Coastal Highway Dune and Beach M.S.T.U.	-	1,422
South Ponte Vedra Boulevard Dune and Beach M.S.T.U.	-	2,128
Court Modernization	-	2,337
Teen Court	-	699
Domestic Violence	-	8,621
Title IV D Fund	-	1,181
HIDTA Fund	-	49,914
Canteen Fund	-	10,805
Alarm Fund	-	7,806
MAJOR ENTERPRISE FUNDS		
St. Johns County Utilities	-	54,594
Solid Waste	-	24,663
INTERNAL SERVICE FUNDS		
Worker's Compensation Insurance	51,368	955
Health Insurance	414,156	-
Total	\$ 675,202	\$ 675,202

7. INTERFUND BALANCES AND TRANSFERS (concluded)

- C. Outstanding interfund balances result mainly from working capital loans made from the County's General Fund and Tourist Development Tax Fund to other County funds, and amounts due from other funds for required contributions to the County's Health Insurance Internal Service Fund.
- D. Transfers between funds are used to move unrestricted available revenues from one fund to another county fund to finance various programs, pay debt service, fund capital acquisitions and to provide subsidies for various grant programs.
- E. In addition, long-term advances were made as follows:

	Advances To Other Funds	Advances From Other Funds
MAJOR FUNDS		
General Fund	\$ 6,119,573	\$ -
Transportation Trust Fund	18,976	-
St. Johns County Utilities	4,417,564	-
Solid Waste	4,417,564	-
NONMAJOR SPECIAL REVENUE FUNDS		
Impact Fees Police	-	13,252,692
Treasure Beach M.S.B.U.	-	1,702,009
Private Roads M.S.B.U.	-	18,976
Total	\$ 14,973,677	\$ 14,973,677

The primary purpose of the advances, by the Board of County Commissioners, was to provide capital and operating resources for private road construction and canal dredging that will be paid back over future periods, including interest, by establishing a Municipal Service Benefit Unit for the residents served by the roads and canals.



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8. EMPLOYEE BENEFITS

A. State of Florida - Defined Benefit Retirement Plan

Plan Description – St. Johns County participates in the Florida Retirement System (“FRS”), a cost-sharing multiple-employer public employee retirement system, with a Deferred Retirement Option Program (DROP) available for eligible employees. FRS is administered by the State of Florida, Department of Management Services, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the Florida Department of Management website at www.dms.myflorida.com/workforce_operations/retirement/publications.

The FRS retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under Sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under one of the state administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years’ earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years’ earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

Contributions

The contribution requirements of plan members and the County are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The County’s contribution rates as of September 30, 2019, were as follows:

ST. JOHNS COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

8. EMPLOYEE BENEFITS (continued)

	FRS	HIS
Regular Class	6.81%	1.66%
Special Risk Class	23.82%	1.66%
Special Risk Class Administrative Support	36.93%	1.66%
Senior Management Service Class	23.75%	1.66%
Elected Officials	40.34%	1.66%
DROP from FRS	12.94%	1.66%

The County's contributions for the year ended September 30, 2019, were \$16,686,823 to the FRS and \$2,082,925 to the HIS.

Pension Liabilities and Pension Expense

For the year ended September 30, 2019, the County reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2019, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2019. The County's proportions of the net pension liabilities were based on the County's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS	Total
Total pension liability	\$ 1,026,852,261	\$ 42,154,297	\$ 1,069,006,558
Fiduciary net position	(848,260,546)	(1,108,034)	(849,368,580)
Net pension liability	<u>\$ 178,591,715</u>	<u>\$ 41,046,263</u>	<u>\$ 219,637,978</u>
Deferred outflows - pension related	\$ 68,534,424	\$ 8,739,204	\$ 77,273,628
Deferred inflows - pension related	\$ 11,906,320	\$ 3,733,156	\$ 15,639,476
Pension expense	\$ 45,165,059	\$ 3,836,248	\$ 49,001,307
Proportion at:			
Current measurement date	0.5186%	0.3668%	
Prior measurement date	0.5056%	0.3594%	

ST. JOHNS COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

8. EMPLOYEE BENEFITS (continued)

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,592,784	\$ 110,832	\$ 498,552	\$ 50,260
Changes of assumptions	45,870,037	-	4,752,770	3,354,787
Net differences between projected and actual earnings on pension plan investments	-	9,880,626	26,487	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,548,082	1,914,862	2,912,656	328,109
Employer contributions subsequent to measurement date	4,523,521	-	548,739	-
Total	<u>\$ 68,534,424</u>	<u>\$ 11,906,320</u>	<u>\$ 8,739,204</u>	<u>\$ 3,733,156</u>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2020. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending September 30,	FRS	HIS
2020	\$ 18,578,420	\$ 1,493,419
2021	6,927,647	1,263,906
2022	13,171,354	892,530
2023	9,664,525	110,618
2024	2,657,329	239,992
Thereafter	1,105,309	456,843
Total	<u>\$ 52,104,584</u>	<u>\$ 4,457,308</u>

8. EMPLOYEE BENEFITS (continued)

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2019, was determined by an actuarial valuation as of July 1, 2018, using the individual entry age normal cost allocation method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	6.90%	N/A
Discount rate	6.90%	3.50%

For both plans, the actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018, using the PUB-2010 base table, projected generationally with Scale MP-2018 for the FRS plan and the Generational RP-2000 with Projection Scale BB tables for the HIS plan.

The following changes in key actuarial assumptions occurred in 2019 :

- FRS: The long-term expected rate of return and the discount rate used to determine the total liabilities was reduced to 6.90% from 7.0% , and the mortality assumption was changed from the Generational RP-2000 with Projection Scale BB tables to the PUB-2010 base table, projected generationally with Scale MP-2018.
- HIS: The Municipal Bond Index rate and the discount rate used to determine the total pension liability, which was approved by the 2018 Actuarial Assumption Conference, decreased from 3.87% to 3.50%.



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8. EMPLOYEE BENEFITS (continued)

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1%	3.3%	3.3%
Fixed income	18%	4.1%	4.1%
Global equity	54%	8.0%	6.8%
Real estate	10%	6.7%	6.1%
Private equity	11%	11.2%	8.4%
Strategic investments	6%	5.9%	5.7%
	100%		

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.90%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.50%, as selected by the FRS Actuarial Assumption Conference, was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

8. EMPLOYEE BENEFITS (continued)

Sensitivity Analysis

The following table demonstrates the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS			HIS		
	Current			Current		
	1% Decrease	Discount Rate	1% Increase	1% Decrease	Discount Rate	1% Increase
	5.90%	6.90%	7.90%	2.50%	3.50%	4.50%
County's proportionate share of the net pension liability	\$ 308,725,604	\$ 178,591,715	\$ 69,907,905	\$ 46,856,413	\$ 41,046,263	\$ 36,207,066

Pension Plans' Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

B. State of Florida - Defined Contribution Retirement Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2019 totaled \$2,949,120.

C. Other Postemployment Benefits

Plan Description – By County Resolution 08-151, St. Johns County established the St. Johns County Postemployment Welfare Benefits Trust Fund ("SJCPWB") which provides partial premium payments of eligible county retirees and their dependents for health care benefits; including health, prescription drugs, dental, vision and life insurance. SJCPWB is a single employer defined benefit plan for post-employment benefits other than pension benefits for all County retirees and the eligible dependents of the Clerk of Courts, Sheriff, Tax Collector, Supervisor of Elections, Property Appraiser and the County. The Board of County Commissioners has selected a national banking association firm to serve as the trustee of the plan. The Board has the ability to amend the plan benefits and retiree contribution requirements, and to change the plan's administrator or trustee, at their discretion.

8. EMPLOYEE BENEFITS (continued)

Benefits Provided

The life insurance benefit is provided at no charge to retirees. The life insurance benefit is \$5,000 for all retirees.

In accordance with Florida Statutes 112.0801, the health insurance subsidy is provided to employees who retire and immediately begin receiving benefits from the Florida Retirement System (“FRS”) after at least 6 years of creditable service. The County will maintain current subsidy levels for all current retirees. However, as of January 1, 2009, future retirees will be expected to share in the increasing costs of the program through increase rate adjustments. Retirees with more than 20 years of creditable service will receive an additional monthly subsidy. The amount of the monthly subsidy is based on the number of years of service with the County or Constitutional Officer, and is equal to one dollar and fifty cents for each year of total service until they are eligible for Medicare.

Investments and Rate of Return

On January 8, 2008, the County adopted Ordinance 2008-1 which established the permitted investments for SJCPWEB, which is a qualifying trust, and began funding its annual obligation through a direct contribution from unrestricted cash balances. There are no policies that pertain to asset allocations. However, the Ordinance does restrict investments to only certain instruments with certain short-term maturities and to those with high investment ratings as specified in the Ordinance. There are no investments in any one organization that exceeds 5% of the SJCPWEB’s net position. A separate stand-alone financial statement for the Trust is not prepared.

For the year ended September 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 2.81%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Participants

At October 1, 2017, the date of the latest full actuarial valuation:

Active plan members	1,909
Inactive plan members receiving benefits	269
Inactive plan members entitled, but not receiving benefits	-
Total members	<u>2,178</u>

Contributions

The contribution requirements of plan members and the County are established and may be amended by the St. Johns County Board of County Commissioners. For the year ended September 30, 2019, the County contributed a total of \$2,095,692 towards the OPEB Plan. Retiree contributions to the plan were \$1,741,745. In subsequent years, the County plans to base future contributions on the actuarially determined recommendations, less an adjustment for the current asset balance of the County’s Net OPEB Obligation until the balance has been eliminated. However, no future Trust Fund contributions are legally or contractually required.

8. EMPLOYEE BENEFITS (continued)

Net OPEB Liability

The County's net OPEB liability was measured as of October 1, 2017, rolled forward to September 30, 2019 using standard actuarial techniques, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2017 and rolled forward to the September 30, 2019 measurement date.

The following table discloses the components of the net OPEB liability and the changes in those components for the County as of and for the year ended September 30, 2019:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at September 30, 2018	\$ 37,114,191	\$ 34,006,094	\$ 3,108,097
Changes for the year:			
Service cost	1,067,395	-	1,067,395
Interest	2,417,737	-	2,417,737
Contributions - Employer	-	2,095,692	(2,095,692)
Net investment income	-	1,310,149	(1,310,149)
Administrative Expense	-	(17,890)	17,890
Benefits payments	(1,971,026)	(1,971,138)	-
Net changes	1,514,106	1,416,813	97,181
Balances at September 30, 2019	\$ 38,628,297	\$ 35,422,907	\$ 3,205,278

Plan fiduciary net position, as a percentage of the total OPEB liability was 91.7% at September 30, 2019.

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2019, the County recognized OPEB expense of \$1,420,985.

ST. JOHNS COUNTY, FLORIDA
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8. EMPLOYEE BENEFITS (continued)

At September 30, 2019, the County reported deferred outflows and inflows of resources related to OPEB from the following source:

	Deferred Outflow of Resources	Deferred Inflow of Resources
	<u> </u>	<u> </u>
Net differences between projected and actual earnings on OPEB plan investments	\$ 722,973	\$ 146,740

Amounts reported as deferred outflow/inflow of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending September 30,</u>		
2020	\$	131,829
2021		131,829
2022		131,829
2023		180,746
Total	<u>\$</u>	<u>576,233</u>



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8. EMPLOYEE BENEFITS (continued)

Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2017, with various assumptions discussed below. The total OPEB liability was rolled forward 1 year from the valuation date to the County's year ended September 30, 2019 using standard actuarial techniques. There were no changes in assumptions from those used in the original valuation. The various methods and assumptions used are as follows:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	10 years
Asset valuation method	Market value
Inflation	2.50%
Salary increases	3.70% to 7.80%, including inflation
Investment rate of return	6.50%
Mortality and retirement age	Retirement rates and mortality tables come from the July 1, 2016 actuarial valuation of the Florida Retirement System and are based on a statewide experience study covering the period 2008 - 2013. Mortality tables include generational projections.
Healthcare cost trend rates	Getzen Model; trend starting at 7% for 2018 (0% for premiums), followed by 6.75% for 2019, and gradually decreasing to an ultimate trend rate of 4.24% plus 0.38% for excise tax.
Aging Factors	Based on 2013 SOA Study "Health Care Costs - From Birth to Death".
Expenses	Administrative expenses are included in per capita health costs.

ST. JOHNS COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
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8. EMPLOYEE BENEFITS (continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of OPEB plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of returns for each major asset class included in the OPEB plan's target asset allocation, as of September 30, 2019, are summarized in the following table:

Asset Class	Expected Nominal Rate of Return	Long-term Expected Real Rate of Return	Target Allocation
U.S Equities	7.50%	5.00%	42.00%
International Equities	7.40%	4.90%	16.00%
Emerging Equities	7.50%	5.00%	7.00%
Core Fixed	5.10%	2.60%	17.50%
Interim IG Corp	6.10%	3.60%	8.74%
High Yield	6.60%	4.10%	4.38%
Emerging Debt	6.70%	4.20%	4.38%
Cash	3.50%	1.00%	0.00%
Total Portfolio	6.87%	4.37%	100.00%

Discount rate

The discount rate used to measure the total OPEB liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that the County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The long-term expected rate of return on OPEB plan investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) for each investment class assuming that asset allocations will mirror the allocation.

Sensitivity Analysis

The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease 5.50%	Discount Rate 6.50%	1% Increase 7.50%
Net OPEB liability (asset)	\$ 8,305,327	\$ 3,205,278	\$ (1,121,675)

8. EMPLOYEE BENEFITS (continued)

The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a healthcare cost trend rates that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	1% Decrease (6.0% gradually decreasing to 3.24% plus 0.38% excise tax)	Current Healthcare Cost Trend Rate Assumption (7.0% gradually decreasing to 4.24% plus 0.38% excise tax)	1% Increase (8.0% gradually decreasing to 5.24% plus 0.38% excise tax)
Net OPEB liability (asset)	\$ (2,007,026)	\$ 3,205,278	\$ 9,660,615



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ST. JOHNS COUNTY, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

9. FUND BALANCE CLASSIFICATIONS

Balances of reported fund balances at September 30, 2019 are as follows:

	General Fund	Transportation Trust	Fire District	Community Redev. Agency	Other Governmental Funds	Total
Nonspendable:						
Advances	\$ 6,119,573	\$ -	\$ -	\$ -	\$ -	\$ 6,119,573
Restricted for:						
Fire rescue, Sheriff, Public safety	-	-	8,034,970	-	1,361,839	9,396,809
Transportation	-	-	-	-	350,705	350,705
Community Redevelopment Agency	-	-	-	43,343	-	43,343
Future development impacts	-	-	-	-	35,740,190	35,740,190
Utility regulation	211,993	-	-	-	-	211,993
Court costs	95,231	-	-	-	-	95,231
Elections	26,135	-	-	-	-	26,135
Project Buckle Up	9,385	-	-	-	-	9,385
Capital improvement projects	1,588,025	-	-	-	4,205,414	5,793,439
Court facilities, technology, and other needs	-	-	-	-	7,562,452	7,562,452
Building services	-	-	-	-	19,551,215	19,551,215
Debt service	-	-	-	-	1,228,659	1,228,659
State Housing Initiatives Program	-	-	-	-	1,730,069	1,730,069
Tourist development and recreation	-	-	-	-	5,985,936	5,985,936
Community based care	-	-	-	-	589,719	589,719
Miscellaneous	-	-	-	-	373,727	373,727
Total restricted	1,930,769	-	8,034,970	43,343	78,679,925	88,689,007
Committed for:						
Sheriff's operations and facilities	-	-	-	-	15,330,425	15,330,425
Assigned for:						
Fire rescue, Sheriff, Public safety	-	-	5,393,873	-	40,827	5,434,700
Roadway landscaping and maintenance	-	34,195,259	-	-	-	34,195,259
Community Redevelopment Agency expenditures	-	-	-	24,018	-	24,018
Future development impacts	-	-	-	-	3,415,866	3,415,866
Utility regulation	13,499	-	-	-	-	13,499
Capital improvement projects	-	-	-	-	4,363,366	4,363,366
Court facilities, technology, and other needs	-	-	-	-	384,704	384,704
Building services	-	-	-	-	2,446,329	2,446,329
Debt service	-	-	-	-	305,443	305,443
State Housing Initiatives Program	-	-	-	-	112,972	112,972
Tourist development and recreation	-	-	-	-	2,563,816	2,563,816
Miscellaneous	-	-	-	-	40,264	40,264
Total assigned	13,499	34,195,259	5,393,873	24,018	13,673,587	53,300,236
Unassigned	73,967,004	-	-	-	(14,879,503)	59,087,501
Total fund balances	\$ 82,030,845	\$ 34,195,259	\$ 13,428,843	\$ 67,361	\$ 92,804,434	\$ 222,526,742

10. RISK MANAGEMENT

A. Coverage with Public Entity Risk Pools

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County belongs to the Florida Association of Counties Trust (the "FACT"), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The County pays an annual premium to FACT for its general liability coverage. The premiums are designed to fund the liability risks assumed by the Trust and are based on certain actual exposures of each member. There were no claims paid which exceeded coverage during the last three fiscal years.

The County belongs to the Preferred Government Insurance Trust, a public entity risk pool for Workers' Compensation insurance coverage. The County is fully insured with first dollar coverage. The premium is calculated using a formula that includes the County's experience modifier (three year claim history), salary by occupational classification, and the associated premium rating as determined by the National Council on Compensation Insurance.

B. Self-Insurance

St. Johns County provides health, life and accidental death and dismemberment insurance for its employees via a Self-Insurance Internal Service Fund to account for and finance its self-insured risks of loss. Under this program, the Health Insurance Internal Service Fund funds claims, premiums and operating expenses.

The County procures stop loss insurance for medical claims in excess of \$350,000. During fiscal year 2019, there were two claims that exceeded the \$350,000 stop loss deductible for a total of \$310,501 in reimbursements.

The September 30, 2019 estimated claims liability of \$2.16 million is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior of the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of loss can be reasonably estimated, including an estimate for liabilities incurred but not reported. Claims liabilities are an estimate based on the monthly average of lag claims paid for the most recent three quarters that were made between 30 – 120 days after the initiation of the claim plus an annual average of all claims paid that exceeded 120 days. The claims liability at the fiscal year end is shown at current dollar value.

Additionally, section 112.08, Florida Statute, requires the County Health Plan to hold a cash surplus of 60-days in anticipated claims. The required level, as determined by the County's actuary was \$1.5 million.

All County departments and the other elected constitutional officers of the County participate in both programs. The cost of providing claim's administrative services and payments is allocated by charging a "premium" to each department and constitutional officer based on a fixed premium or a percentage of each organization's estimated current-year payroll. The premium charged considers recent trends in actual claims experience of the County as a whole and makes provision for catastrophe losses.

10. RISK MANAGEMENT (continued)

Changes in the Health Insurance Fund's claims liability amount were as follows:

Year Ended September 30,	Beginning Balance	Current Year		Ending Balance
		Claims/Changes in Estimates	Claim Payments	
2017	\$ 2,602,510	\$ 24,668,205	\$ 24,810,427	\$ 2,460,288
2018	\$ 2,460,288	\$ 27,181,118	\$ 27,063,614	\$ 2,577,792
2019	\$ 2,577,792	\$ 26,298,617	\$ 26,713,198	\$ 2,163,211

C. Conventionally Insured Claims and Losses

The County and its Constitutional Officers retain conventional insurance coverage for other types of insurable risks. Settled claims resulting from these risks have not exceeded conventional insurance coverage in any of the past three fiscal years.

11. DEFICIT BALANCE - INDIVIDUAL FUNDS

At September 30, 2019 the following funds had deficit equity balances in the amounts shown:

Impact Fees Police	\$13,252,543
Treasure Beach M.S.B.U.	\$ 1,702,007
Private Roads M.S.B.U.	\$ 18,976

Deficits will be corrected by adjusting future revenues through increased charges for services; adding new revenues; or increasing operational transfers.

12. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended September 30, 2019, the fund for Impact Fees Police incurred expenditures in excess of budget. The over-expenditure was caused by interest expense being charged on advances between funds within the County. Due to the timing of the advances, the amount ultimately charged for interest expense was higher than was initially estimated when the budget was created. Since this was strictly a transaction within funds of the County, there are no statutory or compliance issues to disclose, nor any financial effects for the year ended September 30, 2019 or for future years.

13. OTHER REQUIRED INDIVIDUAL FUND AND COMPLIANCE DISCLOSURES

Accrual for Landfill Closure and Post-Closure Costs - State and Federal laws and regulations required the County to place a final cover on its Tillman Ridge Phase II landfill site when it stopped accepting waste, which occurred in 2000, and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County reports a portion of these post-closure care costs as an operating expense annually and reports a liability based on the number of years of required long term care remaining as of each fiscal year end. The \$4,128,826 reported as landfill closure and post-closure care liability at September 30, 2019, represents the cumulative amount reported as post-closure care costs for both phases of the Tillman Ridge Landfill.

The annual estimated cost is approximately \$344,069 and there remains 12 years of estimated post-closure care.

The amount is estimated based on what it would cost to perform all post-closure care in 2019. The actual cost may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The County is required by state and federal laws and regulations to provide proof of financial responsibility for closure and post-closure care. The County's method, which is established by State law, relies on various financial tests to provide this proof. The County is in compliance with these requirements at September 30, 2019.

14. RELATED PARTY DISCLOSURES

In Fiscal Year 2010, the County entered into a Revenue Sharing Interlocal Agreement, under Section 163, Florida Statutes, with the City of St. Augustine Beach ("City") and the Florida Department of Environmental Protection ("FDEP") Clean Water State Revolving Loan Program ("Program") to connect approximately 620 residential units in seven neighborhoods to the St. Johns County Utility System. Through the Program, the City obtained funding in the amount of \$6,937,571. Upon completion of the project, \$4,507,926 of the outstanding loan balance was forgiven. The remaining one third was originally set up to be amortized and payable over 20 years.

The City contracted with the county to extend their current utility system into these neighborhoods. As construction costs were incurred, the County invoiced the City. The City in turn paid the County from the loan proceeds. The new lines will be operated and maintained by St. Johns County. The City has been deemed the owner of the new utility lines until such time as the debt instrument that was used to finance the project is retired, upon which ownership shall vest solely with the County.

The County shares system revenues generated from the new connections with the City in the amount equal to \$83,683 paid semiannually for debt service on the City's loan which were not forgiven.

15. ECONOMIC DEVELOPMENT INCENTIVE DISCLOSURES

As of September 30, 2019, the County had several programs that qualify as tax abatements, as that term is defined in GASB 77. Specifically, the County provides tax incentives under a grant program run by the Economic Development Department for the Board of County Commissioners. Pursuant to Florida Statutes 288 and 125.045 and County Ordinance 2014-30, this program can apply to all land within the boundaries of the County. St. Johns County authorized the incentives through the passage of a public resolution. The incentives are calculated using a point system based upon each business' economic growth and/or job retention or creation. To be eligible, each business must undergo an application process and provide proof that the improvements have been

15. ECONOMIC DEVELOPMENT INCENTIVE DISCLOSURES (continued)

made and/or that new jobs have been created or retained. The grant payment equals a percentage reduction of the County's general portion of property tax on the assessed value of the business' property (exclusive of land value), based on points accumulated. In addition, impact fees, utility connection fees, and the County portion of tangible personal property taxes can be reimbursed through this process as well. The taxes and fees are paid in full by the entity and the amount of general County tax paid is refunded annually over an approved term once the agreed to economic growth and/or job creation criteria are met. The establishment of the Economic Development Department gave the County the ability to maintain and expand business located in the County and create new jobs by reimbursing or reducing net taxes and fees.

St Johns County has offered incentives to various businesses based upon project investments into the County. The purpose of this program is to attract new business development, to expand and diversify the tax base and to create jobs for our local residents. The incentives may be granted to any business located within or promising to relocate to the County. The County considers projects based on the size of project, along with the number of jobs retained or created.

For the fiscal year ended September 30, 2019, St. Johns County reimbursed taxes totaling \$480,756 to nine businesses. The County had 15 approved and active contracts at year end. The taxes reimbursed may include a combination of ad valorem, tangible personal property, impact fees, and utility connection fees.

16. NET POSITION RESTRICTED BY ENABLING LEGISLATION

The government-wide statement of net position reports \$101,186,089 of restricted net position, of which, \$80,787,841 is restricted by enabling legislation.

17. COMMITMENTS AND CONTINGENCIES

A. Commitments

At September 30, 2019, the County had approximately \$153 million in outstanding commitments relating to construction contracts.

B. Contingencies

Pending Litigation

The County is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. In the opinion of county management, based on the advice of legal counsel, the ultimate disposition of these lawsuits and claims will not have a material adverse effect on the financial position of the County.

18. SUBSEQUENT EVENTS

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the County. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain. The financial statement impact cannot be reasonably estimated at this time as the duration of the effects of the pandemic is uncertain.

19. FUTURE ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued statements that will become effective in fiscal year 2020. These statements address the following:

- Certain retirement obligations
- Certain disclosures related to debt
- Fiduciary Activities
- Majority Equity Interests

The County is currently evaluating the effects that these statements will have on its 2020 financial statements.